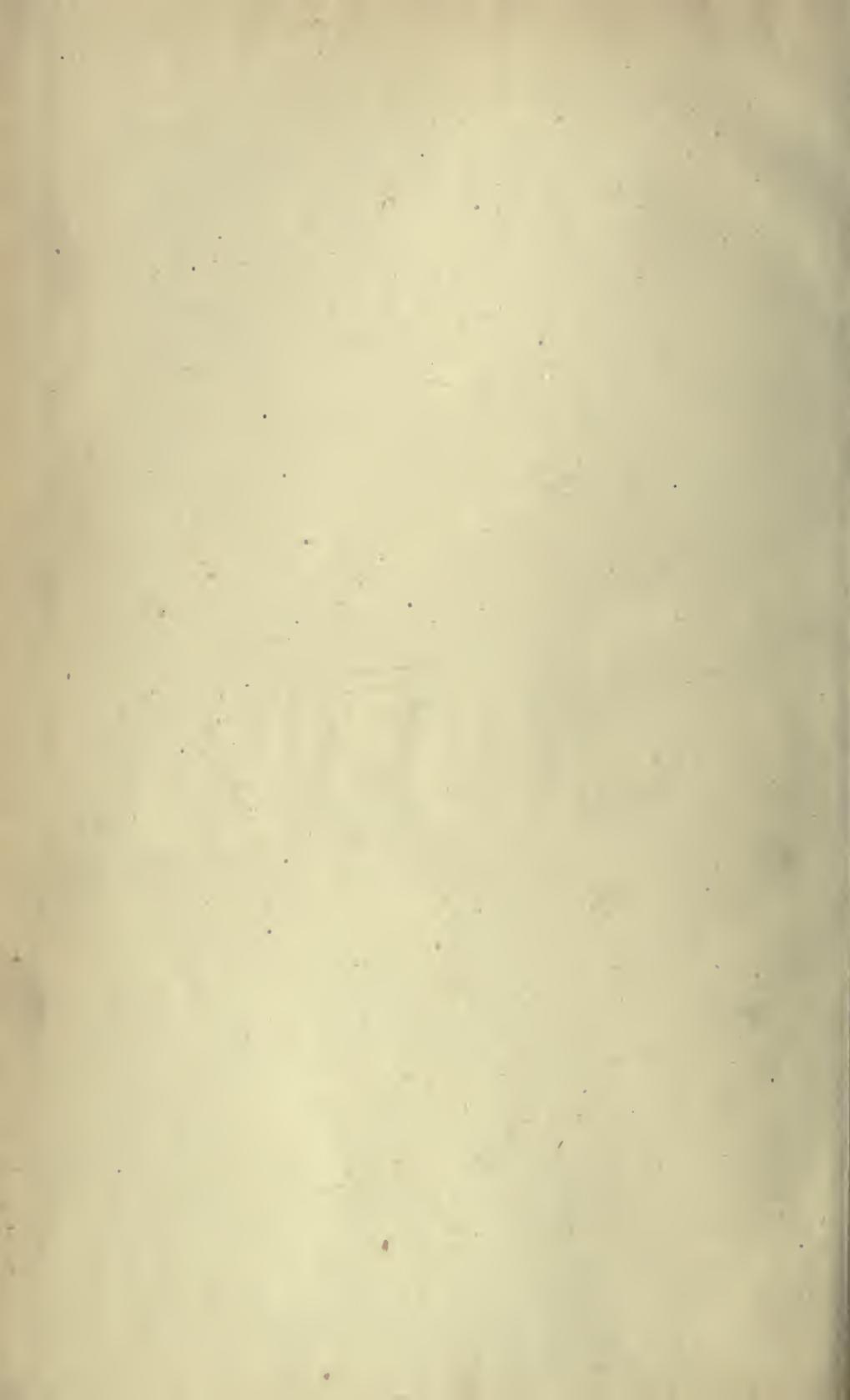
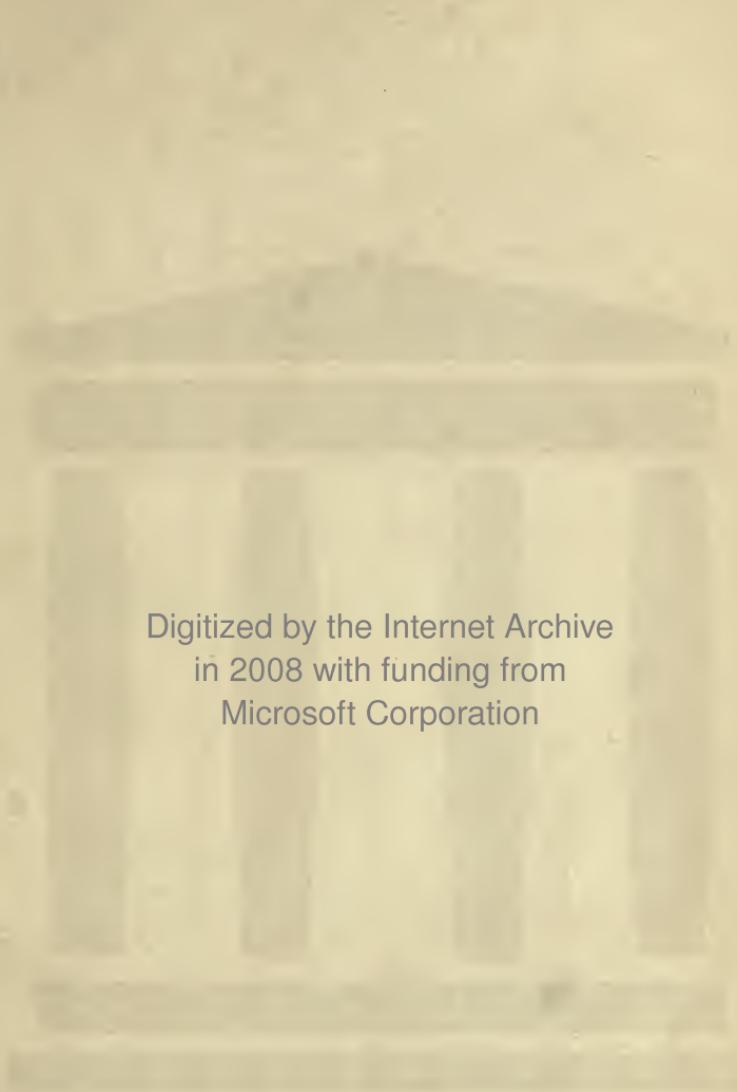


From the Library of
Henry Tresawna Gerrans

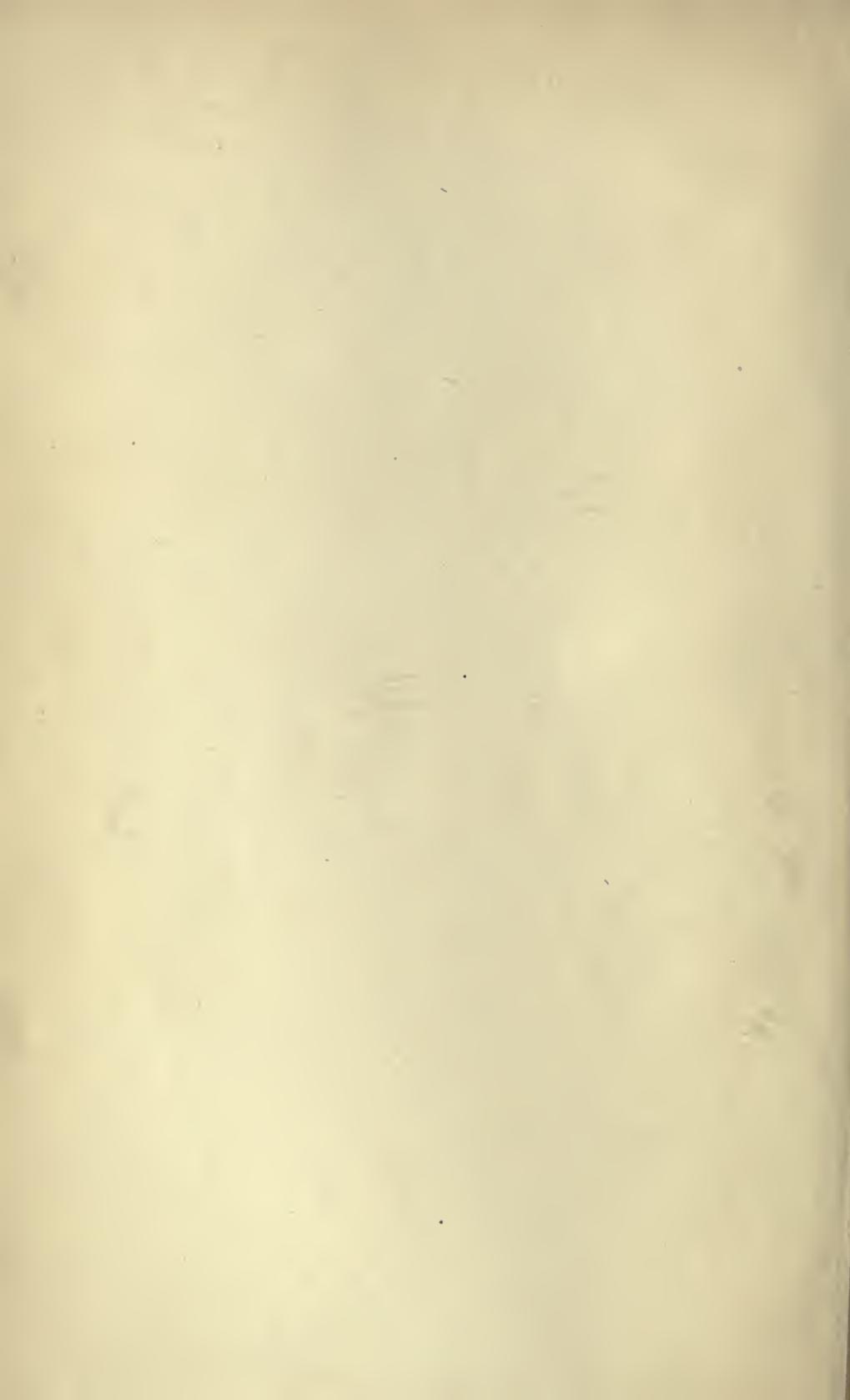
Fellow of Worcester College, Oxford
1882-1921

Given to University of Toronto Library
By his Wife

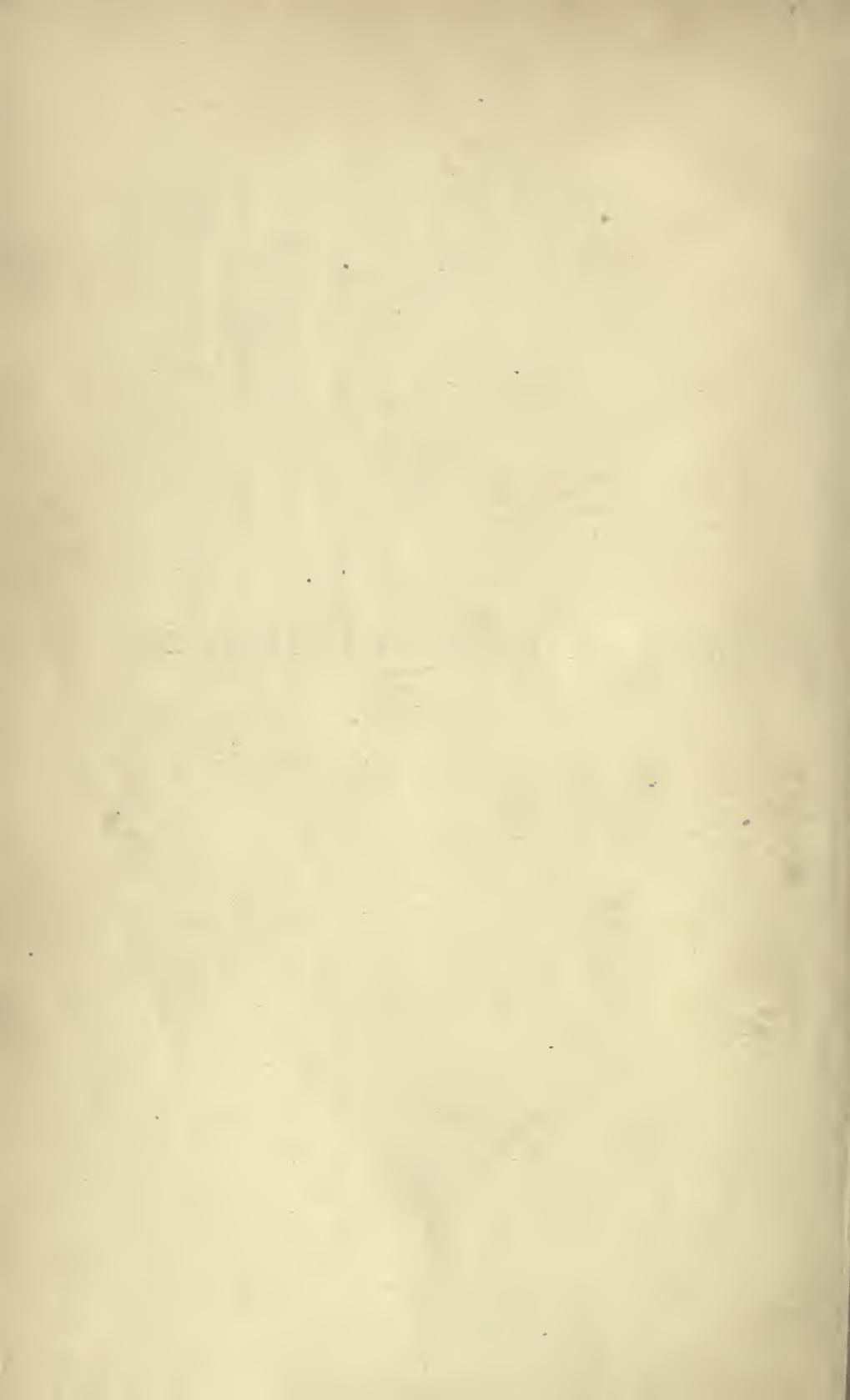




Digitized by the Internet Archive
in 2008 with funding from
Microsoft Corporation



LABOUR AND INDUSTRY IN AUSTRALIA



HALL
C6765k

LABOUR AND INDUSTRY IN AUSTRALIA

FROM THE FIRST SETTLEMENT IN
1788 TO THE ESTABLISHMENT OF
THE COMMONWEALTH IN 1901

BY

T. A. COGHLAN

MEMBRE DE L'INSTITUT INTERNATIONAL DE STATISTIQUE

IN FOUR VOLUMES

VOLUME III

175267
8/11/22

OXFORD UNIVERSITY PRESS

LONDON EDINBURGH GLASGOW NEW YORK
TORONTO MELBOURNE CAPE TOWN BOMBAY
HUMPHREY MILFORD

1918

A. T. DEERMAN,
VORRETTEN COLLEGE,
OXFORD.



CONTENTS

PART V—*Continued*

| | PAGE |
|---|------|
| XI. TRADE AND INDUSTRY | 1187 |
| XII. CURRENCY AND BANKING | 1206 |
| XIII. RAILWAY EXTENSION AND PUBLIC WORKS POLICY | 1218 |

PART VI

FROM THE YEAR 1873 TO THE FINANCIAL CRISIS OF 1893

| | |
|--|------|
| I. INTRODUCTION TO THE SIXTH PERIOD | 1231 |
| II. IMMIGRATION | 1280 |
| III. THE EXCLUSION OF THE CHINESE | 1331 |
| IV. LAND AND SETTLEMENT | 1346 |
| V. A VIGOROUS POLICY OF PUBLIC WORKS | 1405 |
| VI. LABOUR AND WAGES | 1425 |
| VII. THE MARITIME STRIKE OF 1890 | 1591 |
| VIII. PRICES | 1608 |
| IX. THE FINANCIAL DEVELOPMENTS OF THE PERIOD AND THE CRISIS OF 1893 | 1633 |

PART V—*Continued*

XI

TRADE AND INDUSTRY

WHEN the census was taken in 1861 it was found that the population of the continent was 1,150,000, of whom more than one-fifth were located in Melbourne and Sydney. The external trade was valued at about £35,000,000, the imports being £17,600,000 and the exports £17,400,000. Gold was still the largest item of export, the value of coin and bullion sent away in 1861 being considerably more than half the total export ; the balance comprised chiefly wool and other pastoral produce.

The production of gold began to decline after 1856, and grew less every year during the whole period, in spite of some important discoveries made in Queensland and in New South Wales. Gold-mining still maintained a position of importance in Victoria, but even there, at the middle of the period, the industry, measured by the value of its production, ranked below either agriculture or grazing. The value of gold won in all the colonies during 1861 was about £9,676,000 ; in 1872 it was £7,389,000 ; thence-forward there was a rapid decline.

Copper and coal were the only other minerals raised in commercial quantities at the beginning of this period. South Australia had been very much helped by its copper industry in the days preceding the gold discoveries ; but the immediate effect of those discoveries was, as we have seen, to deprive the Province of its able-bodied workers, especially its miners. The copper industry, however, had more than recovered its position by 1861, when the value

of the metal won was about £478,000, and from 1861 onward there was a marked increase in production, until in 1866 the output had reached the large total of £810,000. Some of the succeeding years did not show so valuable a production, the output in 1868, for example, being only £608,000, but the quantity of copper won was not diminished, the fall being due to a decline in the price of the metal. In 1870 the production of South Australian copper was valued at £524,000, and in 1875 at £753,000.

The first copper-mine worked in South Australia, the Kapunda, which was opened in 1842, was practically worked out during this period and was shut down in 1879. The celebrated Burra Burra mine, discovered in 1845, was also worked out, having produced during its thirty years of life about 52,000 tons of copper, valued at four and three-quarter millions sterling. In 1860 and 1861 were discovered the Wallaroo and Moonta deposits, which proved even more valuable than those at Burra Burra, and it was from these great mines that the bulk of the copper won in South Australia during this period was obtained. Copper was worked in New South Wales as early as 1858, but the value of the metal won only reached £37,345 in 1865; thereafter there was a gradual increase, but it was not until the close of the period that the production reached a value of over £100,000. The important mineral discoveries in Queensland have already been touched upon. In 1862 the Peak Downs mines were opened, and yielded some £60,000 to £70,000 worth of copper yearly, and in 1872 the Mount Perry deposits were discovered. In 1865 the value of copper won was £58,000, increasing to £196,000 in 1872, which was the maximum production for thirty years. These figures do not place the colony on the same plane with South Australia as a copper producer, but the discoveries in Queensland were industrially important, coming as they did at a time when the necessity of new avenues for the employment of labour was very urgent.

Tin was discovered at Mount Bischoff in Tasmania in 1871, very opportunely for the island; in 1872 the metal

was found in Queensland, and in the same year tin-mining was begun in New South Wales, although the existence of deposits of the metal was known there as far back as 1853. Very interesting developments in tin-mining took place almost immediately in these colonies, but their discussion belongs to the succeeding period.

Coal-mining was confined almost entirely to New South Wales, although large coal deposits were known to exist in Western Australia, Queensland, and Tasmania ; but the situation of these deposits, as well as the small local demand, made their exploitation unprofitable. The quantity of coal raised in Australia in 1861 was approximately 356,000 tons, all except 14,000 tons being mined in New South Wales, principally in the vicinity of Newcastle ; in 1866 the amount had been increased to 814,000 tons, and in 1871 to 916,000 tons. As every 370 tons raised represented the employment of one man in or about the mines, the coal industry in the year last mentioned was one of considerable importance to the country. The great bulk of the coal raised was consumed locally, but an export to places beyond Australia was gradually growing up. In 1860 this trade absorbed about 100,000 tons, increasing to 330,000 tons in 1870.

The details of the mineral production of the colonies are thus dwelt upon, as they illustrate one class of employment open to miners and others, who had abandoned the quest for gold after the easily worked alluvial deposits were exhausted. The goldfields in 1856, the time of their greatest attraction, probably found employment for 130,000 men ; in 1861 the censuses of the colonies record 90,000 European miners as employed in the various gold-fields, and although the number was probably larger than the returns show, it is hardly likely that the gold-seekers exceeded 100,000. Nearly the whole loss of employment fell upon Victoria, where, even in 1861, 15 per cent of the population were employed gold-mining as compared with 7 per cent in 1871 and 5 per cent a few years later. Mining for other metals absorbed some of those who had forsaken

the goldfields ; others went back to their old occupations in the towns, and not a few found employment in farming pursuits. Very few turned to pastoral occupations, even where these were their original employment, the freedom and excitement of gold-seeking having engendered a dislike for the solitude and monotony of station life.

The condition of agriculture in 1861 was encouraging. South Australia, which had already reached the stage of exporting bread-stuffs when the gold discoveries were made, had increased its cultivated area from 64,000 acres in 1850 to 360,000 acres in 1861, and its grain exports to the equivalent of 3,000,000 bushels of wheat valued at over £900,000. Tasmania was self-supporting in the matter of grain supplies ; so indeed was Western Australia, whose small population of 16,000 was more than provided for by an equal number of acres under grain, and Victoria at the end of the period could almost supply its own wants. New South Wales and Queensland alone grew less wheat than their requirements, but the deficiencies of these two colonies were more than met by the surplus produce of South Australia and Tasmania.

The principal crops grown were wheat, oats, potatoes, and hay, chiefly wheaten and oaten ; but there were signs of attention being paid, especially in Victoria and Tasmania, to fruit-growing and other forms of culture requiring less land and more labour. The figures which are given later show the importance already assumed by South Australia, and from the beginning of this period that Province and Victoria continued to make, for a quarter of a century and longer, almost equal progress, until the superiority in agricultural interests finally passed to the latter colony. Although New South Wales had many advantages over the southern states, its agricultural progress was astonishingly slow. The Robertson Lands Act was passed with the confident boast that it would effect the settlement of an "industrious yeomanry" on the soil of the colony : the actual results of its working were precisely opposite, and the industrious yeoman was

conspicuously absent, the facilities for obtaining land so lavishly offered being used chiefly by men who, whether in a large or small way, were engaged in stock-breeding.

During the ten years, 1861 to 1871, 11,260,000 acres of land were sold by the Australian Governments : in New South Wales 3,607,000 acres, in Victoria 3,970,000, in South Australia 2,250,000, in Tasmania 542,000, and in Queensland 835,000 acres. Taking Australia as a whole, about 9 per cent of this land was put under crop, but the proportion in each of the colonies was very different : in South Australia it was about 20 per cent, in Victoria 8 per cent, in Queensland 6 per cent, in New South Wales 4 per cent, while in Tasmania, when new land was brought under the plough, an equal quantity of other land was disused. These figures indicate the lines on which the different colonies were progressing. South Australia was becoming an agricultural settlement ; Victoria was developing grazing and agriculture together ; Queensland was paying most attention to grazing, but good progress was being made with agriculture, especially in the coast districts, where the soil, rainfall, and other conditions were adapted to the production of maize and sugar-cane. In New South Wales attention was given mainly to sheep-farming ; cattle-raising had fallen into disfavour, and agriculture made little progress ; in Tasmania, also, agriculture made no progress, and while the other colonies were increasing their flocks, the sheep depastured in the island colony decreased in number from 1,714,000 in 1861 to 1,305,000 in 1871, although five years later there was a return to the numbers of the former year.

Taken as a whole the climatic conditions of the time were not, in some of the colonies, such as to encourage new men to take up rural life. This was especially so in New South Wales. In that colony the year 1862 was one of drought and bush fires. The drought persisted until February 1863, when very heavy rains deluged the whole of Eastern Australia. Floods were recorded at Rockhampton in Queensland, and in all the coastal rivers as far

south as Gippsland. In the Hawkesbury Valley the water rose 27 feet above the level of the river. In many places the farmers lost their all, and in New South Wales the Government distributed seed-wheat amongst them, as otherwise the farms in many parts of the colony might have remained unsown. To the floods succeeded in some parts a long spell of dry weather, which lasted into the opening months of 1865; the crops were destroyed by rust, or could not mature for lack of rain. In other parts, especially in the north of New South Wales, opposite conditions prevailed; the rain was almost continuous from February to July with a succession of heavy floods, which destroyed the growing crops, rendered homeless many of the farmers, and ruined a vast amount of property. Throughout New South Wales there was so much distress amongst the farmers that they petitioned to be released from claims for seed-wheat advanced during the previous season, and efforts were made to provide accommodation for the settlers rendered homeless by the floods. There was a return to settled conditions in 1866, and the damage of the two previous years was in part repaired, but, in the following year, there was a recurrence of abnormal rains followed by heavy floods, attended by loss of life as well as great destruction of property. The distress amongst the settlers who had been "washed out" was very keen, and the people of the colony subscribed liberally for the relief of the sufferers. Dry weather supervened from October 1867 to January 1868, followed by heavy rains, and renewed floods in the valleys of the Hunter and the Hawkesbury; but the year ended with a long period of dry weather extending into 1869, when so severe was the drought that the New South Wales Government was moved to proclaim a day of humiliation and prayer for rain. Settled conditions prevailed during the first half of the year 1870, but in the second half there was an exceedingly heavy rainfall and floods in all parts of Australia, but especially in New South Wales—November being the month in which most damage occurred. Traffic

was everywhere impeded, the damage to property was very great, and several hundreds of settlers were rendered homeless.

The vicissitudes of climate in New South Wales during the period 1862–1870 were very extraordinary, and did much to hinder the progress of agriculture. The farmers were everywhere disheartened, and their methods became careless, as they came to consider it a mere chance whether they would be able to gather in a crop or would lose the fruit of their labours by flood or drought. During these nine years the best yield of wheat in New South Wales was 17 bushels an acre, and the average of the whole period was 12 bushels. These figures refer to the area reaped; if that which was sown had been counted, the average would not have been 10 bushels. This was a very poor result to obtain from rich land, the natural fertility of which had not been impaired by over-cropping. After 1870 the seasons were for some years again normal, but the taste for agriculture was wanting amongst the settlers, and the Government did nothing to develop it. In 1872 the area harvested for wheat was only 154,000 acres, as compared with 189,500 in 1868, there being nothing, either in the character of the seasons or in the price of wheat, to account for the shrinkage in the cultivated area.

From 1861 to 1865 the seasons in Victoria were, on the whole, adverse to the farmer, but subsequent years were very favourable. The progress of agriculture was much more satisfactory than in its northern neighbour, and in 1872 765,000 acres were tilled. Tasmania is not ordinarily the sport of adverse seasons, but from 1861 to 1865 the climatic conditions were such that no progress in agriculture was possible; afterwards when there was a return to normal seasons, the Tasmanian farmers made no effort to take advantage of them, and the wheat area declined from 168,000 acres in 1866 to 145,000 in 1873. Contrary to the experience of the eastern colonies, South Australia enjoyed a succession of fair seasons, interspersed with a few that were exceptionally good, and the area

devoted to tillage made regular progress, being checked in only one year, 1868, of the eleven embraced in the period. In 1861 the breadth of land cropped was 359,000 acres, and in 1876 it exceeded one million. As far back as 1852 South Australia was exporting wheat, but none of the other colonies reached such a position during this period, and Tasmania, which in the 'fifties exported grain to Victoria, was on the verge of having to import wheat in 1873.

This period saw a great development in the pastoral industry in every colony except Tasmania. Various causes contributed to this development. The opening up of Queensland afforded squatters the opportunity of acquiring splendid grazing country at low rentals, and they were not slow to take advantage of it. The seasons which at the beginning of the period proved so adverse to the farmer were, on the whole, very favourable to the grazier ; efficient labour was easily obtained and much more cheaply than in the preceding period ; facilities for the shipment of wool, tallow, and hides to London were greatly improved ; and, lastly, the agrarian legislation of the early part of the period, which was designed to encourage farming, was the means of multiplying the number of small graziers without in any way prejudicing the position of the large proprietors. Against these incentives to the extension of the pastoral interest must be set the decline in the price of wool and of carcase meat. The conditions favourable to the extension of the industry, however, greatly outweighed those that were unfavourable. The drop in the price of wool was undoubtedly serious, but the increased quantity grown more than compensated for the reduced price. The fall in the price of carcase meat was not a serious matter. The stock required for the butcher represented only a small portion of the annual cast, either of sheep or of cattle ; the sheep industry being maintained for the sake of the wool, and the cattle industry more for the hides, tallow, horns, and other such products than for the meat.

The most significant economic changes observable in the period were the reversal of the position of Victoria and New South Wales as pastoral countries, and the growing importance of Queensland. At the end of the previous period the flocks of Victoria outnumbered those of New South Wales by about three-quarters of a million ; in 1866 the superiority was with New South Wales to the extent of two and three-quarter million sheep, and in 1872 of ten million. Queensland at the time of its separation depastured 3,450,000 sheep and 433,000 cattle : in 1866 the number of sheep had increased to 7,279,000 and the cattle to 919,000 ; six years later there was some retrogression in sheep-breeding, but the cattle had increased to 1,200,000, and Queensland stood second amongst the colonies in regard to large stock and third in sheep.

A very considerable part of the eastern half of Australia, that was fit for carrying live-stock, was in occupation at the close of 1872 ; but west of the 140th meridian the bulk of the country was still unused—the occupied territory being the old Province of South Australia, south of the 25th parallel, and Western Australia between the 120th meridian and the sea. In Victoria the sheep and cattle runs had been greatly improved, as were also those of New South Wales and South Australia, except the outlying stations in the two colonies last mentioned, which were still left in a state of nature. This improvement comprised the excavation of tanks for the collection of surface water, the ring-barking of the trees, and the construction of fences. The first two improvements enabled the runs to carry more stock, the last named also tended to increase their carrying capacity by enabling the squatter to confine his stock to definite areas and so spare other parts of his holding, while it also enabled him to employ less labour. The saving of labour effected by fencing was very considerable. In 1861, when already reductions had been made in the proportionate number of men employed tending sheep compared with earlier years, the census gave 13,276

men engaged in pastoral pursuits in New South Wales, where 5,615,000 sheep and 2,272,000 cattle were depastured ; in 1872, with 17,570,000 sheep and 2,300,000 cattle, the colony had probably not more than the same number similarly engaged. If the same proportion of labour per unit of stock had been employed in 1872 as in 1861, the returns for the former year would at least have shown 23,000 men : the saving in labour on these figures was therefore well over 40 per cent. In Victoria and in the settled districts of South Australia the change was quite as important.

With the fencing of the sheep stations the old-time shepherd gradually passed out of existence. Whatever attention the flocks required was given them by the boundary riders, whose occupation, as the name implies, was to see to the condition of the boundary fences. By them also the feed available for the sheep was watched as well as the condition of the dams or water-holes, so that the stock might be moved from one part of a run to another, as the state of the pasturage and water made such course necessary. The shepherd still appeared on the notice boards of employment agencies, and current wages were quoted in the newspapers ; but the shepherd himself was hardly to be found except on the outskirts of settlement, where the runs were open and the dangers of attack by wild dogs great. The new system of sheep-grazing was attended with not a few advantages to the squatter, and was more and more followed as fencing material became cheaper. It had been found by " paddocking " the sheep that a run would carry one-third more stock, the wool would be longer and sounder, and the fleece as a whole more valuable ; the sheep would also increase in size and live longer, and be less subject to disease. The expense of maintaining a station, completely fenced and cross-fenced, was about one-fourth of what it would have been if it had remained unfenced and the sheep shepherded ; and the owner had the advantage of being able to devote his attention to improving his flocks and their environment, instead

of worrying himself continually with the management of a scattered crowd of shepherds and hut-keepers. And so it happened long before the end of this period that Waterhouse's typical shepherd who drove his flocks afield, much as one may suppose the Shulamite's rustic lover to have done, practically vanished from the Australian "woods," and the "station hand" or "rouseabout" came in his place.

Throughout the whole period the pastoral industry maintained its position as the most important source of wealth to the Australian people. In Victoria and South Australia the industry was not so predominatingly important as in other parts of the continent; nevertheless, even in 1861 it took precedence in the first-named colony of all except gold-mining, and in the latter of all except copper-mining, and in 1871 it was by far the largest interest in every part of Australia. In 1861 the six colonies depastured 20,980,000 sheep, 3,847,000 cattle, and 432,000 horses, and the wool production was 78 million lbs. weighed in the grease and valued at £5,100,000; in 1871 the sheep had increased to 40,100,000, the cattle to 4,277,000, and the horses to 702,000, while the weight of wool was 211 million lbs. valued at £11,883,000. The total value of the production of the pastoral and dairy industry in 1871 was £20,740,000, which was considerably more than twice that of the production of any other industry.

Concerning industries other than grazing, agriculture, and mining, little can be said. The fisheries along the eastern and south-eastern coasts had altogether lost their former importance, and whale-fishing was practically abandoned before the period closed. Pearl shell was discovered in 1861 at Nickol Bay on the north-west coast of Western Australia, but the employment afforded was chiefly to black labour. In 1868 a commencement was made with the development of the pearl banks in the Queensland waters, and in 1873 there was an export of shell valued at £25,000; very little white labour was

employed, and industrially the development of the fisheries had no great significance.

The timber industry of Tasmania, which had flourished during the height of the gold discoveries, fell away greatly after 1857, and in the period under review it shrank to small dimensions. The goldfields of Victoria still offered a market for a certain class of rough timber, and there was a demand in Sydney and Melbourne for split palings; but the export of all descriptions of timber from the island was on a greatly reduced scale in 1861 and subsequent years, compared with what it had been in 1853 and the four years immediately following. The timber industry of New South Wales was much injured, during the first ten years of this period, by the ruthless destruction of the best species of brush and hardwood, which was carried on principally in the Clarence River district and in the eucalyptus forests on the Murray. This led the Government in 1871 to establish throughout the country a number of forest reserves in which permission to cut timber would be granted on the payment of a fixed fee. The proclamation of these forest reserves was of little practical value in stopping the reckless operations of the timber-getters, who paid the small fee demanded and worked havoc, so to speak, under the patronage of the law. It was not until 1878 that stringent regulations were made to govern the cutting of timber on Crown lands. These regulations appeared not a day too soon, as the best species of cedar, which abounded in the Clarence River districts, had been exploited to such a wasteful extent that the supply of this magnificent timber threatened to give out. Cutting down indiscriminately trees of all sizes, and clearing the lower lands of their best timbers, the cedar-cutters, after disposing of all that could be cheaply transported or easily floated down the rivers in time of flood, left a considerable surplus of felled timber to lie and rot on the ground. Then, when they had taken or destroyed all the timber in the northern parts of New South Wales easily accessible, they travelled farther north to carry on their depredations along the

rivers of Queensland. The same system was pursued in the gum forests of the Murray River, wherever timber could be procured in situations easy of access. The pioneer settler was equally wasteful and over large areas of territory the trees were destroyed by "ring-barking," in order to improve the pasturage.

Every colony suffered in this way, but the greatest damage was done in New South Wales, Queensland, Victoria, and South Australia; during part of the period the craze for destroying trees was so great that certain varieties, at one time somewhat plentiful, became almost exterminated. The destruction effected by the pastoralist may be realized in a measure from a consideration of the fact that over an area approaching 125,000 square miles, in various parts of Australia, the trees have been ring-barked or cut down for purposes of improving the pasturage. A very large part of this destruction was carried out during the period under review.

It is impossible to speak with exactness of the amount of employment afforded by the manufacturing industries at the beginning of the period, but so far as the records now existing enable an estimate to be made, it may be assumed there were 32,400 persons so employed in 1861, distributed amongst the colonies as follows:

| | | | |
|-----------------------|--------|-------------------------|-------|
| New South Wales . . . | 12,220 | South Australia . . . | 5,070 |
| Victoria | 6,400 | Western Australia . . . | 370 |
| Queensland | 4,970 | Tasmania | 3,370 |

The chief industries in New South Wales were the grinding or dressing of grain, sugar-making, distilling, and boat-building. In Victoria, flour and grain mills gave employment to 552 persons, no other industries being on a like scale. In 1871, Victoria was no longer a minor State, and as regards manufactories was in every important respect superior to New South Wales. It is still difficult to speak with certainty as to the number of persons employed, but the following may be taken as a fair approximation, the total for all the colonies being 48,460 :

1200 LABOUR AND INDUSTRY IN AUSTRALIA

| | | | |
|-----------------------|--------|-------------------------|-------|
| New South Wales . . . | 13,580 | South Australia . . . | 5,630 |
| Victoria . . . | 19,570 | Western Australia . . . | 410 |
| Queensland . . . | 5,520 | Tasmania . . . | 3,750 |

In Victoria, the largest employment was afforded by breweries, clothing factories, saw-mills and joinery works, boot factories, tanneries, iron foundries and engineering establishments, potteries and brick-works; but there were many others of growing importance. In New South Wales, the industries on the largest scale were tobacco factories, sugar-mills, tanneries, brick-works, saw-mills, iron foundries and engineering shops, clothing factories, flour-mills, and coach-building establishments. The state of the industries throughout Australia cannot, however, be gauged from a mere statement of hands employed. Most of the industries were on a small scale. In the four less populous States, the average number of hands to each establishment was not more than three or four, and only in the capital cities was there a considerable employment of machinery.

Between 1862 and 1871 there was an increase in the employment afforded by Australian manufactories of 16,053 hands, and of this increase Victoria's share was 13,164. The policy of protection was therefore, in the opinion of its advocates, justified by its results, and a further instalment was demanded and applied in 1872. Protection was opposed in Victoria on the ground that the development of the rural industries would be greatly impeded by the withdrawal of men from the country to Melbourne, and by immigrants remaining at the place of their arrival and not distributing themselves throughout the country districts, where their presence was more really needed. This suggestion, which was very confidently made, proved incorrect so far as the first decade was concerned. It is true that the population of Melbourne grew proportionately faster than that of the remainder of the colony; but the respective rates of increase were not conspicuously different, and it is quite certain that, at this time, Melbourne did not grow at the expense of the

rural districts. In any circumstance, it was rather soon to make this allegation, as even in 1880 the persons employed in factories numbered only 38,000, less than half of whom were in Melbourne, and probably not more than 9500 of these were adult males.

A select committee was appointed by the Parliament of New South Wales to inquire into and report on the state of the manufacturing and agricultural industries of the colony. This committee brought up a report on 12th December 1862, which stated that from the evidence taken it was shown that manufactures had not increased during twenty years ; that many which had flourished in the past were not in existence ; and that in consequence thousands of youths were wandering about the streets in a state of vagrancy instead of learning some useful trade. The committee had in mind the clothing, leather, and furniture trades, and coach-building. There is no doubt that the trades enumerated made no progress during the gold period, owing to the high wages paid to operatives of all classes, but to say that thousands of youths were wandering about in a state of vagrancy on that account was ridiculous. The greater part of the evidence given to the committee was grossly exaggerated, and the committee itself was not qualified to sift the evidence placed before it. Shipbuilding and the whaling industry were also referred to as being in a bad way. The whaling industry had, as we have seen, practically died out beyond chance of revival, as in their eagerness to secure the mothers the Australian whalers made a practice of killing the calves, and so a rapid renewal of the stock of whales became impossible.

At the beginning of the period shipbuilding, which had depended largely for support upon the whaling industry, had almost ceased to be of any importance ; a few schooners and ketches for the coasting trade represented the output of what it was hoped at one time would be an important industry. With the advent of the iron ship the chances of a revival seemed extinguished, but in 1863 a beginning

was made in the building of iron vessels, and in 1864 the first iron vessel built in Australia was launched at Sydney. This was a steamer of 500 tons. The industry, however, did not reach any important dimensions ; the average number of vessels launched was about fifty. These were all of small size, as the aggregate tonnage in any year rarely exceeded 3500.

Australia is rich in iron deposits, and several attempts were made to develop those in New South Wales. In 1864 the Fitzroy mines, situated near Mittagong, were opened out and pig-iron was successfully run off from the blast furnace in August of that year, only native ore being used. The works continued producing pig-iron, and at the end of 1865 the weekly output was 80 tons, the iron made being of excellent quality. Large puddling furnaces and rolling mills were afterwards erected, and at the beginning of 1866 bar-iron was made. The industry was short-lived, however, as the costs of manufacture were too great to allow the manufacturer to compete successfully with imported iron, especially as the Fitzroy coal was not good for smithing purposes, and at the end of 1870 the works were abandoned.

An examination of the records of the manufacturing industries of the colonies discloses little of interest beyond what has already been noted, unless it be that, with the introduction of the sewing-machine, the industrial employment of women may be said to have commenced at this period. Previous to that event, both boot-making and tailoring were carried on in the workmen's houses or in small shops, but early in the 'sixties large factories using machines were established in Melbourne, and the manufacture of boots and shoes and ready-made clothing made rapid progress in that city. These industries were greatly helped by the protective duties, and the manufacturers soon had a monopoly of the local market, as well as a fairly good trade with the neighbouring colonies. Establishments for the manufacture of slop clothing and boots and shoes made their appearance in New South Wales later

than in Victoria. In 1868 there were six clothing factories at work in Sydney and several boot factories. Both in New South Wales and Victoria, the ready-made clothing industry was materially helped by the difficulty the importers experienced in inducing the English manufacturers to make garments suited to the local requirements. The trade thus lost was not recovered. The majority of the employees in the slop clothing factories were women and girls, and in the boot and shoe factories many also were employed. The boots made were principally of the rougher class of men's boots; but towards the end of the period the Victorian factories began the manufacture of women's boots and a finer quality of men's wear. This was the case also in New South Wales, but to a less extent.

The manufacture of woollens and tweeds has been referred to in the preceding periods, the industry being one of the first established in New South Wales. In 1862 there were, however, only two factories at work in the colony, with a yearly output of about 130,000 yards of tweed; in 1873 there were seven factories making about 320,000 yards a year. Both hand and power looms were in use, the women working the power looms and the men doing the heavier and more skilled work on hand looms. The men earned about 35s. a week; the women averaged only about 10s. and the girls 4s. The wretched wage paid to girls was made possible by the fact that, they being too old for school and their services not being required at home, their parents were glad to have a place to send them to, so that they might be occupied some way or another during the greater part of the day. The wage paid to women was also much below the sum required for their support, and could only be accepted by married women whose husbands or fathers were at work also. The cloth made at the factories was excellent in quality and found ready sale on account of its durableness, but there was very little variety in the tweeds made, and they did not come into direct competition with imported goods. In Victoria the manufacture of woollens was carried on in 1871 in three factories,

giving employment to 197 hands, and the goods made, if not of better quality, were more presentable than those produced in the neighbouring colony, and for that reason had wider use. The output of the Victorian mills in the year named was about 250,000 yards, and under the stimulus of a duty of 7½ to 10 per cent the production rapidly increased.

The value of the production of primary and manufacturing industries of Australia in the year 1861 is estimated to have been about 37·3 millions sterling; ten years later it was 46·7 millions: in the first case the production was equivalent to £32 : 6s. per inhabitant, and in the other to £28. The values of oversea exports for the same years were £15 and £12 : 15s., so that the local consumption of Australian produce had a value of £17 : 6s. in 1861 and £15 : 5s. in 1871. During these ten years, however, there was a considerable fall in prices which has to be taken into consideration before absolute conclusions can be drawn from these figures of trade and production. This fall averaged nearly 14 per cent, and had it not occurred the production in 1871 would have been £31 : 12s. per inhabitant, and the value of produce retained for home consumption £17 : 14s., as compared with £32 : 6s. and £17 : 6s., the corresponding figures for 1861. The decennium was unfortunately marked by several years of disheartening weather conditions, a more or less general embarrassment of the public finances, a general fall in prices, a large decline in the yield of the goldfields, and some loss of productive energy, due to the contest between the squatter leaseholders and the selectors desirous of intruding on their runs. On the other hand the readier access to the land, afforded by the legislation of Robertson and his protagonists in other colonies, made for progress, and this was aided by the importation of capital, in readily absorbable amounts, both on public and private account; the various Governments having obtained from England 13 millions sterling on loan, and private persons and companies having brought into the country about 16 millions.

Taking into consideration these and the foregoing figures it is apparent that, in spite of an increase of about half a million to their population, the Australian colonies made no substantial progress between 1861 and 1871, either in general production or in supplying their requirements from local sources.

XII

CURRENCY AND BANKING

THE establishment of a branch mint at Sydney removed the principal local difficulties affecting the currency, and when the Australian sovereign was placed on an equality with the British sovereign by the Order in Council of 1866, the larger problems of exchange were satisfactorily solved. In 1872 a second branch mint was opened in Melbourne, to the great convenience of the local gold producers. The authority to coin silver was not given to the branch mints, and, as the English Government considered that the grant of responsible government relieved it of the necessity of looking to the supply of currency in the colonies to which the privilege was granted, the duty of maintaining the sufficiency and quality of the silver and copper currency fell upon the local authorities. The various Governments and the banks allowed matters to drift, no one being willing to undertake the trouble and expense of renewing the silver and copper currency. It is not surprising, therefore, that at the beginning of this period all the Australian communities suffered from a lack of small change, and as the years went by, the want of a sufficient quantity of good silver and copper money became a great hindrance to retail business, and in many parts of the country payments other than in gold were practically impossible.

If all the silver coins had been in good condition there would still have been an insufficient amount for ordinary requirements, but a large proportion of them were worn smooth, and many were clipped and otherwise defaced,

so that under proper conditions more than half the silver circulating in Australia would have been withdrawn and sent to the melting-pot. The various Governments remained strangely inactive in the face of great public inconvenience and loudly expressed discontent. The banks were more alive to the requirements of the situation, but they were by no means a happy family, and at this period joint action on subjects of common interest was well-nigh impossible amongst them.

There was a general opinion that there had been a large amount of hoarding in the older districts, especially in New South Wales, and the leading banks in Sydney thought that by offering a premium of 1 per cent much of this hoarded silver would come into circulation. The event proved otherwise; either very little silver was hoarded or the premium offered did not tempt those who had the hoards, and the banks obtained very little addition to their stocks from this source. It was next suggested that the banks should combine to bear the cost of importing a sufficiency of silver for the public requirements. The matter was carried as far as obtaining an estimate of the probable cost of importing silver, which was found to be from 10 to 12 per cent of its value. It was thought, and events subsequently proved the correctness of the estimate, that silver to the value of a quarter of a million sterling could readily be absorbed by Australia, and in view of the probable expense of perhaps £30,000, even the most enterprising banks declined to engage in the undertaking.

In spite of the inactivity of the various Governments, it was not disputed by them that the renewal of the silver coinage was a matter of governmental concern; at the same time it was considered by the majority of the colonies, that the Government which was in possession of the mint should see to the withdrawal of the old and mutilated coins, and the introduction and distribution of new silver; consequently the necessary steps to that end should be taken by New South Wales. The Government of New South Wales, however, was very slow to recognize any

obligation in the matter, and it was not until Saul Samuel became Treasurer that anything was done. Samuel suggested to his colleagues in the Cabinet that it would be expedient to invite the British Government to act in the same manner, in regard to worn silver coin in Australia, as it was wont to do in the matter of such coin in the United Kingdom, and to send to the colony sufficient silver coin to replace all worn or defaced coin in circulation. In September 1869 a request to this effect was made to the Colonial Office, but Earl Granville, who was then Colonial Secretary, declined to fall in with the views of the colonial Governments. In his despatch on the subject, Granville declared that the British Government was unwilling to send new coin to Australia, and suggested that "if the agents of the Australian banks presented worn silver coins at the Bank of England they would receive coin fit for circulation, as other persons did, in exchange for it." This answer caused a considerable amount of irritation in the colonies, as it was evident that the Colonial Secretary and his advisers had not given the question referred to them any consideration. It was open to any one to collect defaced and worn coins and present them at the Bank of England for exchange, and neither the banks nor the Government needed reminding of the fact. What Granville wished was to impose upon Australia the cost of freight, insurance, and other charges connected with the carriage of the worn coin to London and the return of new coin to Australia. And if his suggestion had been followed, the Australian people would have had to submit to the great inconvenience that would follow the withdrawal of part of their already too small stock of silver money while it was being sent to London for exchange. The inconvenience of having to put up with worn or defaced coin was bad enough when these were nominally equal to the requirements of the country, but to have to carry on business with not only a debased but a deficient volume of money would have been intolerable.

The position in regard to the silver currency grew every

day more urgent, and in July 1870 at a conference held in Melbourne it was resolved that the New South Wales and Victorian Governments should apply to the Imperial authorities for permission to coin silver at Sydney and Melbourne, or, if this were not granted, that the English Government should supply periodically to the colonial mints new silver coins for issue as required. In the meantime the question had been reconsidered in England, and Lord Kimberley, who had succeeded Earl Granville in July 1870, notified the various Governments that the Lords of the Treasury had altered the regulations under which the colonies using British silver currency could obtain supplies of new coins. It was provided that the London Mint should supply such coins as a colonial Government might require at their nominal value, plus the cost of freight, packing, insurance, and other charges for sending them to their destination. The collection of debased silver coins was made a matter of local concern, and in the case of Australia, such coins were to be brought to the mint at Sydney, or to that at Melbourne, when it should be established, where they would be paid for at their nominal value. The new regulations placed the Australian business community on much the same footing as that of the United Kingdom, in the matter of the renewal of the silver currency, the local mints taking the place of the Bank of England as the receiver of worn money.

The new regulations were a considerable advance on the previous arrangements—the colonies were relieved of the charge of sending the worn coins to England, and the inconvenience of their withdrawal several months before they could be replaced was avoided—and were readily accepted by the Victorian Government. The Government of New South Wales was disposed to stand out for the right of minting silver at Sydney. The gold of the colony contained appreciable quantities of silver, and the Government had acquired the patent rights of a process for the extraction of the silver, for which it had paid £2000, in the expectation that the right to mint silver at the Sydney

branch mint would be conceded by the Imperial Government. The profit on the coinage of silver was at the time equal to about 14 per cent, and the New South Wales Government wished to have that profit, in view of the fact that the revenue from the coinage of gold was exceeded by the expenditure.

The Victorian Government made no difficulty about accepting the terms of the Imperial Government, as at that time the question of coining silver did not appeal to it. The Victorian gold contained very little silver, and there would be no profit made if silver had to be imported for minting. Accordingly silver coins to the value of £12,000 were at once imported, and arrived at Melbourne early in 1872, the Melbourne Mint being opened in June of that year. In July 1872 the Legislative Council of New South Wales appointed a select committee "to inquire into and report on the silver currency of the colony and on the best means of renovating the present state of the silver coin in circulation." Early in August 1872 the committee brought up a report. It had little hesitation in declaring that it would be cheaper to import silver coin from England, under the regulations proposed by the Imperial Treasury, than to mint it locally ; it was estimated that silver to the value of £50,000 was wanted to put the circulation in good order, as about half the coins in use were defaced, and it was recommended that this amount should be obtained in England without delay. The committee also suggested that gold coins of the value of 5s. should be minted and issued. This last suggestion was not seriously entertained, either by the Government or by the public at large ; but immediate steps were taken to obtain a supply of silver coins, the sum of £10,300 being voted by Parliament to defray the costs incidental thereto, and before the close of 1872 coins to the value of £26,000 left London for Sydney ; in the following year £29,000 more were despatched. The reinforcement of the silver currency and the withdrawal of worn and defaced coins went on during 1873 and 1874, and at the close of the year last named the

silver circulation of Australia was, perhaps for the first time, on a sound footing. The issues of silver coins by the Royal Mint to Australia between 1871 and 1875 were as shown below ; the total of the several issues was £281,000.

1872.

| | |
|---------------------------|---------|
| New South Wales | £26,000 |
| Victoria | 12,000 |
| Tasmania | 8,000 |

1873.

| | |
|---------------------------|--------|
| New South Wales | 29,000 |
| Victoria | 50,550 |
| Queensland | 20,000 |
| South Australia | 15,300 |
| Tasmania | 5,000 |

1874.

| | |
|---------------------------|--------|
| New South Wales | 57,700 |
| Victoria | 51,050 |

1875.

| | |
|---------------------------------------|-------|
| New South Wales | 2,000 |
| Victoria | 1,800 |
| South and Western Australia | 2,600 |

The deficiency of copper currency was not greatly noticed during the days of the gold discoveries ; the successful gold-digger had very little use for it, and the lack of small change was usually to the advantage of the store-keeper. With the reduction of wages in the later 'fifties and the increase in the purchasing power of money, a demand again arose for copper coins ; but the quantity of legal coins available for circulation was so small and tended to diminish so rapidly, that but for tradesmen's tokens the country would virtually have been without pence or half-pence. The majority of the tokens were of bronze, and corresponded in size fairly well with the legal bronze coinage. Hyman in his *Coins and Currency* suggests that four hundred varieties were, at one time or another, in circulation in various parts of Australia, and there was scarcely an important town in any of the colonies that had not a token issued by a local storekeeper. Tradesmen's

tokens were issued as far back as 1852, more perhaps for advertisement than as additions to the circulation, and it was not until some years later that a serious deficiency in legal copper money was felt.

During the three years 1860, 1861, and 1862, a large number of copper tokens were put into circulation, especially in Victoria, from which colony legal coins had almost entirely disappeared. From Victoria the tokens spread to the other colonies, especially to New South Wales, where they were extensively used. In 1860 the Imperial Parliament passed an Act (22 & 23 Vict. cap. 30) "to extend the enactment relating to the copper coin to coin of mixed metal," and it was decided to call in the old debased copper coinage which was current and issue bronze coinage in its stead. The Act applied not only to the United Kingdom but to all colonies in which British money was current, and was a preliminary to a declaration making the copper coinage no longer current. Partly in consequence of this enactment, partly also in consequence of the abuses which proceeded from the unregulated issue of tokens of various sizes and makes, there arose a strong demand for a reform in the copper currency and the withdrawal of all tokens. Legal copper money in small parcels was occasionally brought from England, but the extent of the token circulation may be gathered from the fact that in September 1863 the deputy master of the Sydney Mint reported that about 75 per cent of the copper coins current in Sydney were merely tokens. In Melbourne there was even a greater proportion. Although there was a general disinclination to receive token money, it is evident that in most cases it was either tokens or nothing, where an amount under sixpence was involved. Soon after the issue of the report from the Sydney Mint, Saul Samuel moved, in the New South Wales Assembly, that a silver and copper coinage ought to be issued from the Sydney Mint. The motion was carried, but was of no effect. There were serious objections to the issue of such coinage by a branch mint, and, as the deputy master pointed out, though the evil was

great the remedy was simple. The value of the copper or bronze coin necessary to put the circulation in order was only about £10,000, and an annual addition to the circulation of coinage to the extent of £1000 would keep it in good condition. The colonial Governments did not press the matter of local coinage of silver and copper any further at that time, and the New South Wales Premier, after some correspondence with the authorities in England, arranged for a supply of the new bronze coins to be sent to Sydney. On 22nd September 1868 a *Gazette Extraordinary* was published, announcing that arrangements had been completed for the distribution of the Imperial bronze coinage. During a period of one month the new bronze coins were available for exchange for copper tokens, at the rate of 8 lbs. avoirdupois of copper tokens for 240 bronze pennies, provided only that the nominal value of the copper tokens should equal that of the legal money for which they were exchanged. Tokens freshly put into circulation or of brass or other inferior metal were excluded from the benefit of the exchange. Old copper coins were taken in exchange at their nominal value, and a premium of 2 per cent was given for parcels of £1 or more brought to the mint : the premium was given by way of allowance for the cost of collection. The new bronze money was also sold in parcels of £10 worth to any applicant.

The branches of the Bank of New South Wales were employed for the issue or exchange of the bronze money throughout the country districts, and by the same agencies the coins were sent to other colonies. The exchange of coins ceased on 22nd March 1869, up to which time there had been taken in exchange £1191 : 5 : 2 of old copper coins and £1240 : 10 : 4 of copper tokens. The exchange had been almost completely effected in New South Wales, but a considerable quantity of old copper remained in circulation in the other colonies. In England it had been declared that the old copper currency would be no longer legal tender after 31st December 1869, but the coins were still accepted at the Mint in exchange for bronze money.

In February 1873 the Master of the London Mint recommended that the practice of thus receiving copper coin at its full nominal value should be discontinued. This was agreed to so far as concerned the United Kingdom, but as regards the colonies it was decided there should be an extension of time until 30th June 1876, and later, by an Order in Council, the 31st December 1877 was fixed as the limit for the reception of copper coins by the English Mint.

As suggested by the deputy master of the Sydney Mint, £10,000 worth of bronze coin was sent out to him to enable the rehabilitation of the copper currency to be carried into effect. The coins were sent out in instalments, and in 1873, the year following the receipt of the last instalment, the deputy master reported "a constant and increasing demand for bronze coin"; further supplies had to be procured from London, and an additional £7000 worth was sent out between 1872 and 1877. During 1877 the Sydney Mint once more agreed to exchange bronze coin for copper coin at its nominal value, and coins to the value of £273 : 14 : 5 were received up to October 1877, when the exchange finally ceased. When the branch mint was opened at Melbourne bronze coin, to the value of £2000, was sent there for sale or exchange for old copper money, and of this latter £472 : 15 : 6 worth was presented for exchange.

It would appear from the figures just given that the total amount of copper coin of Imperial mintage withdrawn from circulation in Australia between September 1868 and October 1877 had a nominal value of £1937 : 15 : 1. This represents about 26 pence for every hundred in the community, and illustrates the insufficiency of the legal copper currency in Australia before the introduction of the bronze coinage.

The banks showed much skill in developing their business, to cope with the new conditions that arose after the subsidence of the gold fever; but their efforts were not a little hampered by the disturbed conditions of the money

market during the earlier years of the period, owing to the necessities of the Governments and the reckless expenditure of Queensland. Elsewhere will be found a short account of the events preceding the financial crash in Brisbane in 1866, when the Government of Queensland was selling Treasury bills, bearing 10 per cent interest, at £104. Queensland was not, however, the only necessitous colony. The New Zealand Government had a large amount of debentures on sale in Sydney at 8 per cent interest, while the New South Wales Government was so pressed for money that at one time it was paying 11 per cent for its overdraft with the Oriental Bank, and was offering and selling its 5 per cent debentures at £70 per £100 of stock.

Up to 1861 the banks generally allowed interest on deposits fixed for twelve months at the rate of 5 per cent ; in the year named the rate was brought down to 4 per cent, at which it remained until 1865, when it was increased to 6 per cent by some and $6\frac{1}{2}$ per cent by other banks, private companies offering 7 per cent. These high rates, which were made possible by the opportunities investors had of obtaining Government bonds yielding high interest, continued until August 1867, when they were reduced to 5 per cent. In the following year the interest on deposits fell by successive stages to $3\frac{1}{2}$ per cent, but was again increased in 1869 to $4\frac{1}{2}$ per cent, and later on to 5 per cent, at which figure it remained until 1871, when there was again a reduction to 4 per cent. The deposit rates subsequently rose as high as $5\frac{1}{2}$ per cent, which was the average in 1875 ; but after 1871 the local money markets were not greatly affected by the requirements of the Governments, which were then finding their way to the London markets.

The banking business of the colonies was marked, early in the period, by the failure of the Bank of Queensland, after a career of three years, an illustration of the folly of attempting to establish a large banking connexion on a small foundation of capital, and incidentally the incompatibility of banking business and land speculation.

The isolated position of Australia at this period made it undesirable that its banks should have extensive interests in other parts of the world, which could not be effectively controlled by the central managers; and indeed all the banks trading in Australia, whose headquarters were outside the colonies, laboured under considerable disadvantages, until the establishment of telegraphic communication between London and Australia placed the English boards in daily contact with their local management. The main evils of the Australian banking position, however, arose from the lack of friendly co-operation between the banks themselves, and the absence of all provision for meeting an unreasoning withdrawal of confidence from the banks, on the part of the public. The Australian banks, until the suppression of their right of issue, were accustomed to keep a reserve of gold three or four times as large as their note circulation, and this reserve rarely fell below 50 per cent of the combined amount of deposits at call and note circulation. In Europe this would be considered a very strong position. In Australia it was different, and in the absence of central support and power in the hands of the Government to strengthen a bank's position in the case of an unreasoning panic, even the most conservative and well-managed institution was liable to be brought into difficulties by a persistent demand on the part of its customers to reclaim their deposits.

The fate of the Bank of Queensland brought these facts to the minds of the thoughtful amongst business men, and Geoffrey Eagar, the Treasurer of New South Wales, in his budget speech of 27th September 1866, indicated the general view and proposed a remedy. "The state of financial affairs in the Colony," he said, "has given rise to much discussion, amongst other things on the subject of a National Bank of Issue." Calling to mind the report of the select committee appointed in 1852 to inquire into Currency and Banking, he declared that "what was desirable in 1852 was pre-eminently so now, inasmuch as it could be shown by incontrovertible figures that the

banking business of the city (*i.e.* Sydney) was done upon a most erroneous and infirm basis ; and if such a crisis as now seemed pending were to come, the result would inevitably be a most ruinous commercial panic. Such a calamity could be averted by no surer or more easy method than the establishment of a National Bank." The Treasurer's contemplated bank was merely a branch of the Treasury, to issue Government notes in place of the existing issues of the banks, and designed to come to the aid of any sound bank upon which an unreasonable run should be made. The banks resented the proposal that they should suffer the loss of their right to issue notes, and looked very coldly on the suggestion that Government interference in their affairs would ever be necessary or beneficial. Eagar's proposal was not further proceeded with, and as the crisis that seemed pending passed safely by, the Treasurer was set down as an unnecessary alarmist.

The ministerial positions in Australia requiring breadth of view, knowledge, and experience are pre-eminently those of Lands Minister and Treasurer. Capable Lands Ministers there have been in abundance, but capable Treasurers have been very few, and the routine of a Treasurer's department in Australia is not of the kind to qualify the permanent officers to advise their Ministers on large matters of State.

XIII

RAILWAY EXTENSION AND PUBLIC WORKS POLICY

RAILWAY construction made very little progress during the first years of this period ; the 243 miles worked in 1861 were extended to 519 in 1866, an increase of only 276 miles in five years, of which 156 miles were Victorian extensions. In 1871 the mileage open had reached 1030, an increase of 511 miles in five years, of which 215 miles were in New South Wales, 168 in Queensland, and 77 in South Australia. During these years only 6 miles of road were opened for traffic in Victoria. Construction had been going on in that colony, but it was not until 1873 that the lines were ready for use. After twenty-one years of effort, there were hardly 1100 miles of railway in the whole continent of Australia. The lines in their farthest extension did not run more than 180 miles from the sea and served only an inconsiderable area. Money for the construction of the lines had been hard to procure, and the interest charged was relatively high, while the cost of constructing the railways was heavy. The railways had competition in the horse and bullock teams, and this competition would have been keen, had the maintenance of the main lines of roads giving access from the capitals to the interior been properly attended to. The charges for conveyance of goods on the railways were determined by a consideration of the charges made by the teams. The carriage of wool formed a large item in the earnings of the railways, and the freight in Victoria, New South Wales,

and South Australia was about 4½d. per ton per mile, and the charge for general merchandise was about 9d. per ton per mile. The horse and bullock teams made little distinction in their charges between one class of goods and another ; their chief consideration was the weight carried, and the average rate charged was about 7d. per ton per mile, which was based on the teams earning 10s. a day for each ton carried.

Speaking generally, the only advantage the railways had over the teams was their quicker delivery. The main object of railway construction, the opening up of the country by affording cheap conveyance of products to market, was almost neglected, and everywhere made subordinate to the necessity of making the lines pay. The railways were in fact worked as a private company might have been expected to work them, the possible future gain to the whole community not being thought sufficient compensation for the adoption of a policy or principle of action entailing large immediate sacrifices.

The stagnation of railway expansion was not accounted for by any other form of public enterprise. The admirable shire system introduced into Victoria enabled the roads and other communications of that colony to be kept in some sort of order, but in the other colonies the public and local expenditure was, during the greater part of the period, quite insufficient to maintain the roads in fair repair.

Some account has already been given of the beginnings of the telegraph system. In 1861 the total length of line throughout Australia was about 4200 miles, which was a very fair achievement, taking into consideration the pioneering work to be accomplished before the lines could be erected. In New South Wales about 1600 miles of line were erected between 1858 and 1861, and in other colonies there was like good progress. During the following thirteen years about 8500 miles of line were added to the various systems, equal to about 650 miles a year, which was very poor progress in view of the urgent need of better

communication than existed. Nor were the facilities provided greatly used. Between 1865 and 1870 the average number of telegrams per hundred inhabitants was not more than 40 a year, whereas to-day the number for the same population would be 360. The small use made of the telegraphic facilities was for the most part due to the heavy rates exacted. As late as 1870 the charge between Victoria and New South Wales was 3s. for ten words ; between South Australia and New South Wales 5s. ; and between Tasmania and New South Wales 8s. The rate between places in New South Wales was 2s. for ten words, and this was the prevailing rate in other colonies. Victoria led the way in 1870 with a reduction in the internal rate to 1s. for ten words, and in a year or two the other colonies made like reductions. The recital of these rates is interesting as illustrating the attitude of the responsible authorities towards public services, and their lack of appreciation of the fact that heavy charges do not necessarily mean a correspondingly large revenue.

So far as telegraphic construction was concerned South Australia was in one important respect an exception to the general backwardness. The journey of McDowall Stuart across the continent from Adelaide to the shores of the Arafura Sea has already been described. The plan of connecting the north and south of the continent, as a step towards connexion with Europe and the East, had captured the minds of many leading South Australians, and this was given definite shape when an offer was made by the Telegraph Company, controlling the lines to China and the East, to lay a line from Java to Van Diemen's Gulf, provided a transcontinental line was laid, meeting the proposed cable at Port Darwin. The construction of the overland line was a work of great difficulty for so small a community and for a Government whose pecuniary resources were so limited as were those of South Australia. The entire distance from Adelaide to Port Darwin is 1975 miles, and for hundreds of miles at a stretch the interior was without a white inhabitant. Large areas were

absolutely destitute of timber, and no less than 19,000 iron telegraph posts had to be used. The construction of the line was divided into three parts : the Adelaide and the Port Darwin sections were let to contractors, while the central section was to be undertaken by the Government and supervised by Todd, the Superintendent of the Telegraphs of the Province. The work was successfully completed in August 1872, at a cost of about half a million sterling. While this work was going on, a submarine cable was being laid from Banjoewangie, in Java, to Port Darwin ; but this latter enterprise was not in any sense Australian, as the Eastern Extension Telegraph Company, at whose charge the cable was laid, was registered in England with capital wholly subscribed in that country.

In 1869 the island of Tasmania was connected with the mainland, near the township of Flinders in Victoria, by a cable 170 miles long. This little cable was also laid by the Eastern Extension Telegraph Company, and worked by it as part of its system. The same company undertook to lay a cable between New Zealand and Australia, provided the small subsidy of £10,000 per annum was paid to it. This proposal was accepted by the Governments of New South Wales and New Zealand, the first-named paying one-fourth and the latter three-fourths of the agreed amount. The work was completed in 1876, and has a length of 1191 miles. It has its Australian terminus within sight of the spot where Captain Cook landed in 1770, and within a stone's-throw of the resting-place of Père le Receveur, the chaplain and naturalist of the de la Pérouse expedition. Père le Receveur died at Botany Bay of wounds received in an encounter with the natives of the South Seas, and was buried there in 1788.

This short narrative of railway and telegraphic construction shows how little enterprise there was in the country, and illustrates the general attitude of the Governments towards public works. The need of developing the country was not unrecognized, but even in the most pro-

gressive colony the minds of the men who were capable of moving the country were much preoccupied with other things. In Victoria between 1864 and 1872 was fought the great political struggle between the Protectionists and the Free Traders. While the struggle went on, neither one side nor the other had much leisure to think of anything else. In New South Wales a large share of the time of Parliament and the country was given over to party and sectarian strife. These and other like matters did not occupy the public mind, or did not occupy it to so large an extent, in Queensland and South Australia. In these colonies the Government and Parliament gave some thought to the internal development of the country, and, relatively speaking, there was much more done for the promotion of settlement by the construction of public works than in their neighbours'; but, even so, no great progress was made in either colony.

Money was, as already pointed out, extremely difficult to obtain, and the rates of interest demanded by lenders were so high as to make it practically impossible for works, constructed with borrowed money, to pay interest on the outlay. In several of the colonies, notably in New South Wales, the engineering difficulties which had to be encountered in carrying the railways beyond 50 miles from the coast were very formidable, and the cost of construction proportionately large. These important matters had naturally considerable weight with the Treasurers of the different colonies, especially in the face of the political unrest to which reference has been made. But there was another deterrent to the adoption of any large-sighted policy of development. The weather conditions between 1860 and 1870 were very inimical to rural pursuits, and season after season the harvest was destroyed or greatly damaged, so that the settlers in New South Wales and in parts of Queensland and Victoria came to look upon farming as a precarious, if not a hopeless industry. Grazing pursuits were also injuriously affected over large areas, and many squatters saw the patient industry

of several years swept away in a season by drought, bush-fires, or other agencies against which they stood impotent. The disasters of the farmers and graziers naturally reacted on the traders and town-workers, so that in the early 'seventies a sort of lethargy affected the spirits of the people, and few were willing to engage in enterprises which did not promise an immediate and certain reward. Melbourne and Adelaide were the only places in which any ventures, demanding patient waiting for results, could command attention. The men who re-created Australia at the time of the early gold discoveries might have dispelled this lethargy, but they were now no longer young; indeed the majority of them were well beyond their prime. They had spent a good part of their lives in the severe work of gold-mining or pioneering; some had been successful where others had failed, but not many were willing to keep up the struggle when old age was approaching, and their successors, born Australians, were not yet ready to take up the burthen of enterprise.

Tasmania, usually the most conservative and restful of all the colonies at this period, made a very interesting experiment in railway construction, and was the scene of some very stirring episodes arising out of that experiment. Railway communications between Hobart and Launceston, and between these towns and the interior, were projected as early as 1862, but funds for the construction and equipment of the lines were lacking. In 1869 a beginning was made with the railway system of the colony, the line from Launceston to Deloraine being the first to be undertaken, and in the following year the construction of the main line connecting Hobart and Launceston was put in hand. These railways were private undertakings. At the time the Deloraine line was begun, the part of the colony through which the railway was to pass was practically virgin country, in which, although there was a number of small holdings, the bulk of the land was held in large blocks. The prospective traffic along the line would not have warranted the undertaking, but so eager were the pro-

prietors, whose estates would be benefited, to have a railway that they not only bore the expense of the survey but subscribed £50,000 towards the cost of its construction. One of the conditions demanded by the company constructing the line was that the Government of Tasmania should guarantee the interest on a loan proposed to be raised to finance their project; but the Government would agree to give this guarantee only on condition that the residents of the district benefited would, in their turn, agree to the imposition of a special rate upon their property, should the earnings of the line fail to meet the interest on the loan. To this condition the associated landowners agreed, and the work of constructing the line was entered upon.

The construction of the main line, as it was called, running across the island from Hobart to Launceston, was shortly afterwards undertaken by another private company, and in this case the Government guaranteed to make good any deficiency of earnings below the sum required to meet working expenses and interest on capital, without any guarantee from the residents of the districts immediately served by the line. The conditions affecting the construction of the main line and the Deloraine branch were essentially different. The main line was a national work which demanded construction in the general interests of the whole colony. It was part of the highway between the south of the island and Australia, and its construction was demanded in the interest of the defence of the colony. Not so the Deloraine line, which was merely a branch, and, without adding greatly to the general welfare of the country, particularly benefited local landowners, whose property was much enhanced in value by its construction.

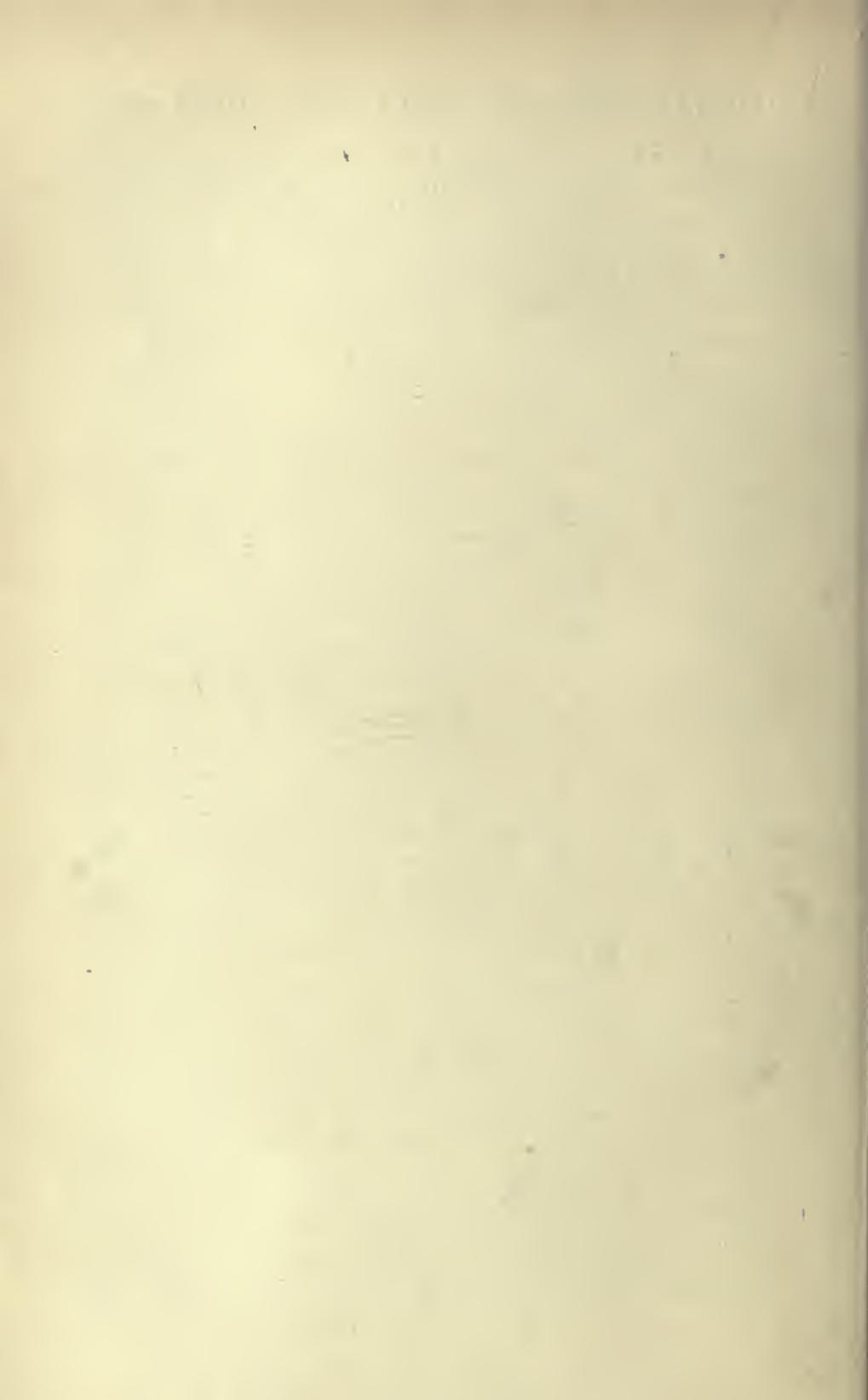
When the results of the first year's working were known, it was found with regard to the Deloraine line that not only was the revenue insufficient to meet the interest bill but did not cover actual working expenses. In accordance with its agreement the Government made good the de-

ficiency and turned to the guarantors to reimburse it according to their agreement, the deficiency amounting to £36,000. The impossibility of the line ever paying was recognized by the Government, and it agreed with the company owning the line to take over the railway, and thereafter debit the district with the sum of £15,000 a year, to be raised by a special rate on the property-owners of the district, who had bound themselves to an annual payment up to £32,500 a year, should such an amount be required. This arrangement appeared to the advisers of the Government to be very generous, as under it the general tax-payers were required to pay some £21,000 a year towards the deficiency, while the land-owners were asked to pay £15,000 or less than half the sum they had contracted to pay. The land-owners of the Deloraine district, however, refused to see the matter in this light. They claimed that they were differentiated from the other land-owners of the colony by being required to pay a special rate, while the people served by the main line escaped without any special contribution ; they were, in fact, to be compelled to pay for the deficiency of the Deloraine line as local property-owners, and also to contribute to the deficiency on the main line as general tax-payers of the colony. By constant repetition of this argument, the associated land-owners of the district began to see in the claim of the Government, not a business-like compromise of an obligation they had freely entered into, but an attempt at tyranny ; and at length many of them felt that their case for resistance to the special rate was as strong as Hampden's case against the payment of ship-money. Meanwhile, the Government was not to be moved from its position, and when the special rate fell due an effort was made to collect it. Very few people, however, paid ; and legal proceedings were taken and fines and penalties threatened, but with little result, save that of further aggravating a difficult situation. Sixty-five of the local magistracy petitioned the Governor to suspend the tax,—they refused to call it a local rate,—and the penalties

accruing thereunder, until Parliament could be appealed to, and on receiving an unfavourable reply twenty-six of their number threw up their commissions. The refusal to pay was so general that no fewer than twelve hundred distress warrants were issued and enforced, wherever enforcement was possible. The whole district was practically in a state of siege ; large quantities of goods were seized and taken to Launceston for sale, and parties of recalcitrant tax-payers organized themselves for the rescue of the goods distrained upon. So turbulent grew the resistance and so riotous, that the Government was compelled to draft all the police available to patrol the disaffected district and protect the persons handling the seized property at Launceston, and numerous special constables were sworn in to take their places. These measures did not altogether avail to protect unoffending residents of Launceston from being damaged in their persons and goods by the infuriated malcontents.

The Government had entered on the contest with the intent of upholding the law by every means in its power, but it greatly underestimated the determination of its opponents, and after several months gave up the struggle and retired from a position it found no longer tenable. No further effort was made to collect the rate, and in 1872 an Act was passed relieving the land-owners of the obligation of paying it, the Government, in effect, recognizing the contention of the property-owners that, however proper it might have been to impose local taxation, to meet the deficiency of earnings on the Deloraine railway, the conditions became entirely altered when the deficiency of other railways became a charge on the general taxpayer. The residents of the Deloraine district therefore obtained their railway before there was traffic for its maintenance, and with it a considerable enhancement in the value of their property, and had no little satisfaction in being able to flatter themselves that they had suffered for a great principle. The events connected with the dispute between the Government and the guarantors of the Deloraine

railway line have been given more space than their actual importance, so far as Tasmania is concerned, would perhaps seem to warrant, but the moral of the dispute was not lost upon the other Governments of Australia, as subsequent history will show.



PART VI
FROM THE YEAR 1873 TO THE FINANCIAL
CRISIS OF 1893

I

INTRODUCTION TO THE SIXTH PERIOD

THE sixth period covers the twenty years from 1873 to 1893, and falls naturally into two divisions, the earlier extending for about fifteen years, during which Australia enjoyed a large measure of prosperity and showed a rapid expansion of industry and commerce, and the closing years, which were a time of violent disturbance, social and economic. The two are grouped together because the prosperity of the earlier years was coupled with an orgy of speculation in land, mines, and properties of all kinds, which did much to promote discontent and unrest among the industrial classes, and led directly to the great financial crisis of 1893, which shook Australian trade and industry and even the social life of the country to their very foundations.

The development which took place during 1873-89 proceeded upon the same general lines in all the colonies, and was in a sense an attempt to make up for the lack of enterprise and time lost in the previous period. The movement was characterized at the time as "a spirited policy of public works," and its beneficial effects were felt almost immediately in a revival of trade and enterprise. There were throughout the period important mineral discoveries, which contributed greatly to the wealth of the colonies. The discoveries of gold and other minerals, which came so opportunely in Queensland after the financial collapse of 1866, have been referred to in the introduction to the previous period. These discoveries were continued,

and the most sensational of all was that of the Palmer goldfield, made in 1873 by William Hann, who had been despatched to explore and prospect for minerals in the wild country outside the limits of settlement, at the base of Cape York Peninsula. Hann had associated with him Taylor, a geologist of established reputation, while Dr. Tate accompanied the party in the capacity of botanist. Prospecting was conducted over a very wide area, and several important geographical discoveries were made, one of the most notable being that of the Palmer River, named after the Premier. Here prospects of gold were found by Warner, the surveyor of the expedition, a discovery which resulted subsequently in the development of one of the richest goldfields in Australia. Later in the year, James Venture Mulligan took up the work of prospecting for gold at the point where Hann had left off, and was fortunate in finding payable "shows" for some forty miles in the bed of the Palmer River. Acting on Mulligan's advice, the Government opened Cooktown and sent up officers to that gold-field. After prospecting and finding gold for eighty miles along the course of the Palmer, and for a radius of forty miles outside the Palmer, Mulligan's party applied for and obtained the Government's reward of £1000. The fame of Cooktown spread far and wide through the civilized world, and a great "rush" set in, thousands of diggers swarming to the spot in a fleet of vessels, which were moored or anchored hard by the estuary of the Endeavour River, where Cook had beached his battered barque over a hundred years before. Among the invaders came hordes of Chinese, and the friction caused by their intrusion on the field occasioned legislative action, which excluded men of that race from all gold-bearing areas until a certain period had elapsed after discovery. After the Palmer came the discovery of the Hodgkinson field in 1875, and others in fairly quick succession. From time to time there were sensational crushings on the well-established fields, like that at Gympie in October 1884, where 2249 ounces of gold were obtained from 107 tons of stone,

which kept alive and fanned to flame the gold-hunters' enthusiasm.

In Tasmania also important mineral discoveries were made between 1877 and 1887. In the former year the famous auriferous quartz reef, subsequently worked by the Tasmanian Gold-mining Company, was discovered by William Dalby. From 1882 onwards valuable discoveries were made in the western part of the island, notably silver-lead at Mount Zeehan in 1885, gold and copper at Mount Lyell in 1886, and silver and lead at Heazlewood River in 1887. These discoveries, with those which had preceded them in 1872, gave an impetus to Tasmanian industries that they badly needed, and, as will be seen, altered entirely the labour outlook, as they brought in from Australia a class of workers totally different from those already in the island.

A still more noteworthy event, affecting the industrial history of New South Wales and of Australia generally, was the discovery of silver at Broken Hill in 1883. Discoveries had been made in the previous year in other parts of the colony, but they did not prove to be industrially important; not so, however, the discoveries at Broken Hill. In 1885 the Proprietary Company began its operations, other companies also were formed to develop the fields, and the production of silver and lead in the colony rose from a value of £266,000 to £3,620,000 in the course of six years. The Broken Hill district became at once an important industrial centre, more important indeed to South Australia than to the colony to which the field belonged.

As the period drew towards its close, very important gold discoveries were made in Western Australia. As early as 1862 the Western Australian Government had invited Hargreaves, who had discovered gold in New South Wales, "to search for precious metals throughout the settled districts of Western Australia. Hargreaves made a systematic examination of the country, but gave an unfavourable report, declaring that the formation of the area over which he travelled was such as to forbid the

expectation that gold would ever be found in large or payable quantities. So confirmed was Hargreaves in this opinion that he subsequently wrote an article in the *Journal of the Royal Geographical Society* on "the Non-auriferous Character of the Rocks of Western Australia." The Government, nothing daunted by this, encouraged prospecting for gold by the offer of substantial rewards, and, time after time, the hopes of the colonists were raised by reports of important discoveries, but up to 1884 all proved illusory. In the year named the Kimberley district was reported upon favourably by Hardman, the Government geologist, attached to John Forrest's expedition of 1883, and the question of its systematic examination was taken up by the Legislative Council, in August 1885. But while the matter was being debated, a party of miners, chiefly from the eastern colonies, had arrived in the district and found gold, and specimens were brought into Derby from the vicinity of Mount Barrett. This incident led to the disastrous "rush" that took place in the following year. Mount Barrett was too far from a base of supplies, to prove anything but the scene of hardship, misery, and failure. It was 300 miles distant from the port of Derby and 250 miles from Wyndham, newly opened in the Cambridge Gulf. No tracks existed, and a rainy season was sure to cut the diggers off from the coast. But men poured into Wyndham in hundreds on the road to Mount Barrett, and the Government cautioned the reckless adventurers in vain. Some of the new arrivals were old hands on goldfields, and came to the "rush" fully equipped and adequately provisioned, but the greater number were without experience—clerks, storemen, professional men, and city-dwellers generally, unaccustomed to hardship, and altogether unsuspecting the difficulties, the dangers, and the privations they must encounter in such a latitude as that of Mount Barrett. Disappointment met them as soon as they arrived; the alluvial workings had not turned out as expected, and the gullies where the first rich finds had been made were soon exhausted. Luck, however, did

not wholly desert some of the more experienced diggers, although the majority of the gold-hunters made barely sufficient to pay current expenses. Many were at the point of starvation, and when the note of retreat sounded, the rush back to Wyndham degenerated into a stampede, which only the prudent precautions of the Government prevented degenerating into all sorts of excesses, lawlessness, and riot. By and by the unsuitable portion of the population of the goldfields was drafted off, and the few hundreds of gold-diggers who remained entered upon a systematic examination of the quartz-reefs described by Hardman as so full of promise. The purging of the fields of the incompetent and the inexperienced was not, however, accomplished without cost. The army of the defeated beat a retreat under all the rigours of a cruel climate ; great distress was suffered from drought and heat ; terrible hardship and pain from lack of provisions ; while, on the line of march, many deaths occurred from disease, starvation, sunstroke, and exposure. Those who remained were furnished with only the most rudimentary appliances for the extraction of the precious metals from the quartz ; but the success of the first primitive attempts exceeded the expectations of the most sanguine, while subsequent assays of parcels sent to Melbourne seemed to establish the fact that in the two Kimberleys were some of the richest reefing-fields the world had ever seen. The Government, at all events, showed its faith in the roseate visions of these northern goldfields by hastening the construction of a telegraph line from Derby to the auriferous areas, and by adding to the convenience for shipping at the settlements in King Sound and Cambridge Gulf. The line of telegraphic communication was continued subsequently to Wyndham. Indications of gold began to be found all over the colony : at the head-waters of the De Grey River ; in the Darling ranges, close to the Swan and Canning Rivers ; at the Yulgan Hills, east of Newcastle ; at Peterwangy, near Champion Bay ; at the Kendenup Station, near Albany ; and at various other localities : but for some

time Mount Barrett, Hall's Creek, and the fields reached from Derby and Wyndham in the two Kimberleys were reputed to be the only payable finds in the colony.

In 1889 an important discovery of gold was made at Pilbara on the De Grey and Oakover Rivers in the northern district, about 120° E. and 21° S. The new field was proclaimed in July of that year, and from that date the auriferous character of Western Australia may be said to have been established. The year 1891 was rich in gold finds. The Cue field, covering a large extent of country, was discovered by Cue and Fitzgerald, and, the rich finds becoming known, it was not long before there were many gold-seekers on the spot. The field proved exceptionally rich, and in a short time a large amount of gold was secured by "specking" and "dry-blowing." Rich gold-bearing reefs were found at various points throughout the district, notably at the "Island" in Lake Austin, where, in addition to rich quartz, a channel was found containing cement, from which for some time marvellous returns were obtained.

The first discovery on the Yalgoo field was made in 1890 in the Nancarrong Hills, near the Yuin Station, where gold was found in a reef on a low range of hills 5 miles east of the station. From one place gold to the value of over £15,000 was dollied from the cap of the reef.

Still more sensational finds were yet to be made, which brought the gold fever to the highest pitch. M. A. C. Frazer very well describes the great find at Bayley's reward claim, and the excitement consequent thereon, in his official account. In the month of April 1892, Bayley and Ford left Perth on a prospecting expedition. They proceeded to Mount Kenneth, about 250 miles to the north-east; here they lost their horses, and had to walk back to Newcastle, where they bought fresh ones, and again started with the intention of making for the Marring country, where gold had been found by Speakman in the previous year, but they met "the fellows rushing back," who reported that the place was very poor and not worth

spending any time in. After these discouraging reports Bayley and Ford headed for Southern Cross. Purchasing supplies enough to last seven or eight weeks, they started eastward on Hunt's old track, made in 1864-65, and, after a tedious trip, when they were very near the now famous field, were forced to turn back to the Gnarlpine Soak for water. After resting for two days they started in a north-easterly direction. They found the country so boggy that their progress was very slow; presently they reached the native well, Coolgardie, where they camped. Finding the place covered with grass, they let their horses out to graze, while they went "specking" across the flats. Here Ford picked up a half-ounce nugget, and before next day they found over 20 ounces of gold. During the next three or four weeks they secured by specking and dry-blowing over 200 ounces. Their provisions giving out, they were forced to go back to Southern Cross for a fresh supply. They were careful, however, not to say anything about the discovery they had made, but hurried back, and, on the first Sunday afternoon after their return, while fossicking about, discovered the reef which soon became known all over the mining world. That evening they picked up and dollied, with a tomahawk, from the cap of the reef over 500 ounces of gold, one slug weighing over 50 ounces, and, early next morning, they pegged out a prospecting area on the reef. Shortly after, Foster and Baker, who had tracked them from Southern Cross, appeared upon the scene, and in a short time secured over 200 ounces. Meantime Bayley quickly made his way back to Southern Cross, carrying 554 ounces, which he exhibited to Warden Finnerty on 17th September, and applied for a lease of the discovery claim. The field was then declared open, and Bayley, on the 20th, again left Southern Cross for Coolgardie, not alone, but accompanied by a coach, teams, and a host of horsemen, leaving Southern Cross almost deserted. The news quickly spread throughout the colony. The *West Australian* of 21st September said: "In Perth and Fremantle every one seems to be either carrying tents,

picks, shovels, and dishes, or otherwise preparing for the road." At York there was a great excitement over the departure of 200 eager gold-seekers; they travelled by coaches, teams, horses, camels, and on foot, all bound for the land of gold.

Kalgoorlie, or Hannan's, was discovered in the latter part of June 1893 by Flannigan and Hannan, who were on the road to Mount Juille with a party of about 150 men. They camped two days on or near the spot where the find was made subsequently, waiting for teams which had gone back to Coolgardie for water, but, rain falling, the party started on their way again, leaving Flannigan and Hannan behind. By chance Flannigan found some nuggets and induced Hannan to remain with him; in a few days they picked up 100 ounces, and one of the men went back to Coolgardie and applied for a reward claim. A rush immediately set in, and in a few days fully 500 men were on the ground. A large amount of alluvial gold was won and many reefs discovered.

Siberia was discovered by Frost and Bonner in October 1893, and in the stampede which ensued to the new finds, after the discoverers had applied for the reward claim, several lives were lost from heat and thirst. Many started out on the long trip so ill-provided with food and water that undoubtedly they would have perished had it not been for succour received from parties despatched for their relief. During 1893 the value of the gold won in Western Australia was £421,000, and it was obvious to all that enormous discoveries were yet to be made. The finding of gold wrought a complete revolution in the colony, though it was not accomplished within the period now being discussed.

There was no rush to Western Australia from Europe, as was the case in Victoria when gold was discovered in 1851, but there was a large accession of population from the eastern colonies, especially after 1890. The economic change in the country was marvellous. In 1861 the shipping arriving at the ports of the colony had a tonnage

of 57,000, and so slow was the progress under the old conditions that in 1871 the tonnage was not more than 64,000. Ten years later 145,000 tons of shipping entered Western Australian ports, and in 1893 the tonnage was 540,000. The imports of 1861 were valued at less than £150,000, which was barely £9 : 10s. per inhabitant ; ten years later it was even less per inhabitant, aggregating only £198,000. In 1881 there was evidence of growth, as the imports per head were valued at £13 : 14 : 3, but the total did not yet much exceed £400,000. A very different condition of trade was displayed after the gold discoveries, for in 1891 the imports rose to £25 per inhabitant, and increased enormously thereafter until Western Australia became, compared with population, by far the largest consumer of the Australian group.

In addition to the greatly increased mineral output of Australia, between 1873 and 1893, there was also an enormous growth in the pastoral industry. The number of sheep depastured in Australia increased from 40,072,955 in 1871 to 106,419,751 in 1891, and during the same interval the number of cattle rose from 4,277,228 to 11,029,499.

The great progress made in these two principal industries of the continent, mining and the pastoral industry, afforded a very substantial ground for increased trade and expenditure, but unfortunately the real growth in business was accompanied by so much speculation, and by so much extravagance, public and private, that the financial position of Australia was far worse in 1893 than in 1873.

During the earlier portion of this period the condition of the industrial workers was very good generally. It has been pointed out that the preceding years from 1862 to 1873 were a time of difficulty. The industrial classes were engaged in a struggle to maintain the better conditions they had grasped after the first gold discoveries. From 1873 to 1888 a very different condition of affairs obtained. Wages were rising, and, with few and short intervals, employment was abundant. It appeared as if a certain standard of life had been established definitely

for Australian industrial workers, far above that of Great Britain. The determination to maintain and to improve it, coupled, indeed, on the part of many with a desire to change the whole status of the worker, led to an organization of industrial workers, far more extensive than had existed previously, and far more combative. The unrest among the industrial classes increased as the period advanced, and was very marked after 1888, when it led to the great strikes of 1890–1894, and had also a more permanent result in the formation of the political Labour Party. The creation of such a Party was a direct result of the organization of labour for industrial purposes, but it was also a consequence of certain changes of a social and political nature which had been made earlier in the period. One of the most important of these was the extension of compulsory education to New South Wales.

In November 1879 Parkes introduced a Bill "to make adequate provision for public education," repealing the Public Schools Act of 1866, dissolving the Council of Education, and vesting its powers in a Minister for Public Instruction. The main features of the measure were the abolition of aid to the denominational schools, and the provision for the compulsory attendance at school of children between the ages of six and fourteen years. One hour in each day was set apart, when children might be instructed by a teacher of their own persuasion, but no child was to receive religious instruction if the parents or guardians objected. The Public Instruction Act was strongly opposed by a section of the Church of England and by the bulk of the Roman Catholics, but was supported by a majority of the people of the colony, and its third reading was carried in the Assembly by a majority of forty-two to six. It became law on 21st April 1880. A Public Instruction Act on the lines of the Act of 1880 was inevitable; in passing it, New South Wales assimilated the main points of the law already existing in Victoria and South Australia, but Parkes' hand, on this occasion, was forced by the pastoral invectives of Dr. Vaughan,

Roman Catholic Archbishop of Sydney. In these pastorals the Archbishop denounced the public schools as "seed plots of future immorality, infidelity, and lawlessness," a charge which roused the ire of the people of the colony, who had been educated in these schools, and who read with amazement the description of institutions whose character, they were well aware, bore no resemblance to the lurid caricature drawn by the Archbishop. The sectarian animosity, due to the events following the attempted assassination of the Duke of Edinburgh some twelve years before, was still very strong in all parts of the colony. The attack on the public schools in 1879 increased it enormously, and, while greatly strengthening Parkes' hold on a large section of the community, correspondingly increased the opposition of the Irish Roman Catholics. It is scarcely an exaggeration to say that from 1869 to 1889 the sectarian was the strongest issue at the elections held in New South Wales. The appearance of the Labour Party in 1891 deprived the cry of much of its force, though it continued a factor to be reckoned with at every election, until the establishment of the Commonwealth.

Two other measures were also of first-rate importance to the Labour Party—the provision for the payment of members of Parliament and the Triennial Act. Triennial parliaments formed part of the original constitution of South Australia, and their early adoption by Victoria has already been referred to. Bills to limit the duration of parliaments to three years had from time to time been introduced into the New South Wales Parliament during the 'sixties, but quietly dropped. On 2nd December 1873 one of these periodical appearances of a Bill to limit the duration of future parliaments was made. The Bill was passed quietly through the Legislative Assembly; many members who would otherwise have opposed it refrained from doing so, in the confident expectation that the Bill would be thrown out by the Legislative Council. In this they were disappointed, for the Council passed the Bill

with little debate, and it became law on 6th February 1874. The triennial parliament was a reform strongly advocated by the occasional Labour candidates who offered themselves for Parliament, and was part of the policy of the trade unions in all the colonies, but it was never what is termed in Australia a burning question. At the time the Triennial Bill was passed in New South Wales, the average duration of all parliaments had been two years and eight months, the longest parliament being the fifth, whose existence was prolonged for four years and nine months. It was inevitable that, when the principle of short parliaments was accepted in New South Wales, it should be adopted eventually in the other colonies ; the change was made in Queensland on 29th September 1890 and in Tasmania on 27th April 1891.

It cannot be said that the Triennial Acts have sensibly affected the average life of parliaments in Australia ; that, indeed, was not the intention ; but if the Acts have had any specific effect in that direction, it has been to make short parliaments less frequent and the average life of parliaments more nearly the same. The system of triennial parliaments, which was viewed with some indifference when first introduced, has now come to be considered a valuable constitutional safeguard, and, as such, is incorporated in the constitution of the Commonwealth.

Payment of members was, in all the colonies, considered the corollary to triennial parliaments, though there is no necessary connexion between the two ; they were both fundamentals in the platforms of the Radical party in every colony. Payment of members was, as we have seen, introduced into Victoria as far back as 1871, though it was not embodied in a permanent enactment until 1880. In New South Wales the principle was not adopted by any Government, but was left an open question, and as early as 1862 a motion for leave to introduce a Bill was debated, and thrown out by a large majority of the Assembly. In the following year a motion of a similar kind was thrown

out by an even larger majority, namely, 39 to 12, and in March 1874 leave to introduce a Bill was refused by a majority of two to one. Subsequent attempts in the same direction were all defeated, until in 1889 Parkes, who was then Premier for the fifth time, gave facilities for the consideration of a Bill, introduced by his Postmaster-General, for the payment of members of the Assembly. The Bill was carried and became law on 20th September 1889, but its operation was postponed until the expiration of the parliament that had passed it. Payment of members came into operation in South Australia in November 1887. In Queensland an Act had been passed in September 1886, which provided for certain allowances being made to members of the Assembly; this was repealed in July 1889, and direct payment of members was substituted in the place of these allowances. In 1892 Tasmania made provision, to reimburse members of both Council and Assembly, for expenses incurred in attending Parliament.

It has often been asserted that the payment of members was the direct cause of the creation of Labour Parties in the various colonies, but, even if there were not other evidence to the contrary, the dates just given disprove this. It is true that the passing of the law in New South Wales synchronized with the first appearance of the Labour Party in that colony, but twenty years elapsed after the introduction of payment of members before a Labour Party appeared in Victoria, which in many ways was the most democratic of the colonies. Nevertheless, of course, payment of members was a necessary condition for the existence of a Labour Party, as the funds required to support a large body of Labour members could not have been provided by the trade unions.

The events of the previous period had seemed to suggest that fiscal policy might be the pivot on which party divisions in the colonies would turn, and that such a division, coupled with disputes between the two Houses of Parliament, might afford a permanent line of cleavage between the more and the less democratic parties in the different

colonies. It was, however, in New South Wales only that the question of Protection formed a real line of division between political parties during the period under discussion. In Victoria the fiscal question had tended at first to mark a strong division between parties, but the overwhelming triumph of Protection drove parties back to a struggle for office between persons or groups of persons, separated by no marked differences of opinion on any important question, and Ministries rose and fell on administrative or personal grounds. Subsequent to the fall of the McCulloch Ministry in 1868, after a reign of nearly five years, eight Ministries went in and out in nine years, after which Graham Berry was able to maintain himself in office for two years and nine months until March 1880. The next three years saw three Ministries in power, the last of these, that of Sir Bryan O'Loghlen, holding office for twenty months. This proved sufficiently long to enable the embittered feelings engendered by the political warfare of the previous years to subside, and an entirely different tone began to pervade political life. The O'Loghlen Cabinet fell in March 1883, and a Coalition Ministry was formed, under James Service, comprising the leading members of both sides of the Assembly. The Service Ministry lasted nearly three years and did much useful work. Throughout the period the Protectionist policy, as settled in 1872, remained undisturbed, and was never raised again seriously in the Victorian Parliament or at a general election.

South Australia had decided on a policy of Protection, and Queensland, Tasmania, and Western Australia had high duties, but the idea was not seriously entertained that these were imposed for protective purposes; the small local market in these colonies gave no scope for the operation of protective tariffs.

New South Wales entered the period as an upholder of the principles of Free Trade, but even there Protectionist views took hold of a large section of the community, and, when the period ended, a Government with a strong leaning towards Protection was in power. The fiscal

movements in New South Wales, and the controversies relating to Protection and Free Trade, which raged both there and in the other colonies, present features of considerable interest, which will be discussed in a separate chapter, and therefore need not detain us at this point. At the beginning of this period the Parkes Government, after holding office for about two years and nine months, was defeated at the polls in January 1875, and its successor was another Robertson Government, which maintained itself in office for two years. On the fall of the Ministry in March 1877, Parkes again took office, but so evenly were parties divided, that his Ministry maintained its position for not more than five months, being displaced by the Robertson party. The new Ministry survived only four months, being beaten on a vote of want of confidence, moved by J. S. Farnell. The Governor sent for Parkes, who failed to form a Ministry, and the task was undertaken by Farnell. The Farnell Government was defeated on its land policy, and the Governor asked Robertson to carry on the Government; but although he formed a Ministry it was not sworn in, as the Assembly virtually refused to allow it to transact any business. He therefore relinquished his task, and, on the same day, resigned his seat in Parliament, explaining, as his reason for resigning, that the existence of three parties in the Assembly was fatal to government, and he thought to make the situation clearer by quitting Parliament. The Governor then arranged with Farnell to resume office, but the Ministry was met at once with an adverse vote. Parkes then took up the task as Premier for the third time, forming a coalition with Robertson, who had been appointed to the Council. The two men had been strong opponents, and their joining hands created a great deal of surprise and evoked much hostile criticism; but it is hard to conceive what else they could have done in the interests of stable government.

The Parkes - Robertson Government held office for a little over four years and came to grief over its land policy. During its career it devoted its attention to constitutional

and administrative measures, and succeeded in passing several of great importance. In 1881 occurred an event unique in the political annals of Australia—the removal from office of a Minister for corruption. A select committee of the Assembly had been appointed in 1878 to report upon a petition from the shareholders of the Millburn Creek Copper Mining Company, complaining of injury and loss of property sustained by them on account of the deprivation of their rights under a mineral lease held by them from the Crown. The committee reported favourably on the claims of the company, and the report was adopted by the Assembly. After the lapse of about two years the claim was referred to arbitration and the sum of £16,502 was awarded as compensation for the loss sustained by the company in being ejected from its lease. This, with costs and interest, made up a total of £17,198, which was voted by Parliament and paid over to the representative of the company. Shortly afterwards, statements in regard to the Minister for Mines and a prominent member of Parliament were made very confidently, reflecting upon their conduct in regard to the claim and the distribution of the money voted by Parliament, and a Royal Commission was appointed to inquire into the distribution of the award. The Commission's report imputed corruption to the Minister for Mines and to the other member of Parliament implicated, and by a vote of the House the Minister was expelled from Parliament and a severe censure was passed upon Garrett, the other offender. John Robertson, who was at the time Minister of Public Instruction, Vice-President of the Executive Council, and representative of the Government in the Legislative Council, was warmly attached to the offending member, and felt the censure passed on his friend so keenly that he resigned his offices, and a reconstruction of the Ministry followed. Robertson rejoined the Parkes Ministry a few weeks later, as Minister for Lands, and, a vacancy occurring in the Assembly, he resigned from the Council and obtained a seat in the other Chamber, in order to take charge of the Bill which the

Government was about to introduce to consolidate and amend the laws relating to the alienation of lands.

The Robertson Land Bill of 1882 was defeated on the second reading by a majority of 43 to 33, and a dissolution followed. The election resulted adversely to the Parkes-Robertson party, and on 5th January 1883 Alexander Stuart became Premier. There thus came into power a party pledged to the radical alteration of the land laws, and one of its first administrative acts was to restrict sales by auction. A commission of two experienced persons was appointed to inquire into the working of the land law, and a Bill was introduced, embodying the recommendations of the commission. The Act of 1884 was supplemented and expanded in 1889, and forms the groundwork of the law as it exists to-day. It differed very widely in its leading principles from the Act it superseded, and, while maintaining free selection before survey, it restricted the operations of the selectors to defined areas. A full discussion of the changes in the land laws and administration will be found in another place.

The Stuart Ministry held office until October 1885, a period of nearly three years, when the Premier retired broken in health, and G. R. Dibbs, who had been Treasurer, became Premier. Being defeated at the polls, he resigned after holding office for two months. He was followed by Robertson, who had led the Opposition in Parliament during the absence of Parkes. The Robertson Ministry was formed of men who had little in common, and Parkes stood aloof from it; it lasted only twenty-six days. Patrick Jennings, who had held for a few months the post of honorary Minister and Vice-President of the Executive Council in the Stuart Cabinet, then became Premier. The Jennings Ministry remained in office for less than eleven months, when, in spite of its large parliamentary majority, it fell to pieces, through internal dissensions and the weakness of its nominal head. It was the first Government in New South Wales to adopt a policy savouring of Protection, and from the date of its downfall, January 1887, the

political parties of the colony became divided definitely on fiscal lines.

Allusion has been made to the exercise by the Governor of the prerogative of mercy in the Gardiner case. In 1886 an event occurred, under the Jennings Ministry, which brought about a complete change in the practice. Nine youths had been condemned to death for the crime of rape. The correctness of the verdict was not questioned, but it was believed by many that the trial had been conducted unfairly. The offenders were all very young, and great efforts were made to obtain a reprieve. Many petitions were signed pleading for mercy, and a deputation, comprising some of the most distinguished members of the community, pleaded with the Governor, but all without avail, and four of the youths concerned paid with their lives the penalty of their offence. During the agitation the Governor found himself in a position of great difficulty. He was the person vested with the prerogative of mercy and his inclination was for a reprieve, but his responsible advisers recommended that the law should take its course, as also did the judge who tried the case. A large section of the community was shocked by the scandal of the trial, while another section, perhaps still larger, approved of an example being made of the unfortunate youths, because crimes against women were then very prevalent. Two results followed the execution of the Mount Rennie offenders. Juries have since become loath to convict for rape, where they fear the death penalty will be enforced, and secondly, there has been a change in the functions delegated to the representatives of the King in the Australian colonies. The prerogative of mercy, the last vestige of real power left to the Governor, is now exercised on the advice of the Executive Council, just as are all the other formal acts of the King's representative.

On the fall of the Jennings Government in January 1887, Parkes again assumed office at the head of a weak Government comprising mainly personal followers. After

two years the Government was defeated on a question of procedure; Dibbs again became Premier and was granted a dissolution. The elections were fought on the question of Free Trade *versus* Protection, and resulted disastrously for the Protectionists; after seven weeks of office, Dibbs gave way to Parkes, who again took office on 8th March 1889, his new Government being, as regards its individual members, the strongest he had ever formed. Parliament was dissolved in June 1891, and for the first time the Labour Party put forward candidates. Its success more than answered its expectations. The number of seats in the Assembly was 141, and of these the Party secured 35, the supporters of the Government and the Opposition dividing the remaining seats almost equally.

It was evident that so long as the Labour Party was united it could control the business of Parliament by throwing the weight of its votes into one scale or the other, for the fiscal differences of the Government and the Opposition were such as to render a coalition between the parties quite impossible. It was not long before the Labour Party itself split on the fiscal issue, and the Protectionists made a gain of eight of their number.

In March 1887 there had occurred a most disastrous accident at the Bulli coal-mine, about 45 miles from Sydney, in which eighty-one men lost their lives. Most of the unfortunates were married men with families, and their death sent a thrill of horror through the whole community. Some time after the accident a Royal Commission was appointed to inquire into its cause, and in due time made a report, which contained various excellent recommendations. Nothing was done to give effect by legislation to these recommendations until after the appearance of the Labour Party in Parliament. In October 1891 the Minister for Mines in the Parkes Government had a Bill before Parliament relating to the regulation of work in coal-mines; the Labour Party made an attempt to coerce the Ministers on the question of the working hours of miners; a vote was carried with the help of

the Opposition against the Government, and Parkes at once threw up office. This brought about the return to power of Dibbs. Of the original thirty-five members of the Labour Party, eighteen voted with the Government and seventeen with the Free Trade Opposition. The Ministry had on a full division a majority of one or two, and, by means of this precarious advantage, governed the country for three years, naturally making such concessions to the Labour Party as the wing of that party supporting it demanded.

In the other colonies the Labour Party did not assume such a prominent position as in New South Wales, nevertheless it was sufficiently apparent, before the period closed, that Labour would take an important position politically, and that party divisions would become more profound in consequence. The Labour Party, though on the whole a Protectionist party, as it was to prove, differed from existing political parties in matters more fundamental still, and its advent gave to politics, throughout Australia, a tone different from that which obtained from 1873 to 1891. The rise of the Labour Party to its full strength does not belong to this period, but before 1893 it had become evident upon what lines political parties would develop in the future.

In the absence of real political differences, politics were, until the advent of the Labour Party, concerned largely with struggles between the two Chambers upon constitutional questions—the right of the Council to amend Money Bills or the means of determining a deadlock between the Chambers. In these disputes the Assembly proceeded on the assumption that it was infallible, and the sovereign remedy that it offered was a change in the constitution of the other House. In New South Wales Parkes on various occasions proposed that the Council should be made elective; whereas in Victoria, where the Council was elective, the cure for the non-carrying out of the will of the people, as represented by a majority of the Assembly, was to have a nominated Council, which could be coerced

under threat of the addition of new members, favourable to the Government's policy. None of these proposed changes became law. In the colonies with elective Houses the franchise was broadened, and where there were nominated Councils members were usually added on the accession to office of a new Government, but the constitution of the Councils remained the same.

There was no essential difference between the class of men who formed the bulk of the Councils and the class of men who were elected to the Assemblies. Their general political outlook was much the same; their views on social, educational, religious, and industrial matters were also alike. It was only on the question of taxation that there were root differences of opinion: the Councils, as representing property interests, were desirous of avoiding imposts being placed on property or incomes, but were usually willing to acquiesce in any demand made for increasing the customs tariff or selling the public estate. It can hardly be said that the Legislative Councils ever represented the popular view, as against the popular House; at the same time it cannot be said that there was any recognizable popular demand that the Councils did not ultimately accede to. Measures, passed by one or other of the Legislative Assemblies by large majorities, were rejected by the Councils again and again without arousing any popular indignation; indeed it came to be recognized that the Council was a convenient institution for the rejection of measures, which from some cause or other members of the Assembly were unwilling to oppose. From time to time measures relating to industrial matters were brought before the various parliaments of the colonies. None of these were thrown out by the Second Chamber, and if the period was not fruitful in industrial legislation, the fault lies, not with the Councils, but with the general indifference of public opinion, until the constant recurrence of strikes, towards the end of the period, forced legislators along a path which otherwise they would have sought to avoid.

The peace between the two branches of the Legislature in Victoria was not of long duration. The quarrels of 1865-1867 had resulted in a victory for the protectionist Assembly over the Council, and in a reduction of the qualifications required for electors and members of the Council, but the contention of the Assembly that the Council could not touch a Money Bill was not established, and was very soon put to the test.

The Legislative Council had so far given its adhesion to the principle of payment of members, that in 1871 it had agreed to a Bill authorizing the payment of members of the Assembly, but the operation of the Bill was limited to three years, so that the question would again come up for discussion in the next Parliament. On its expiration in 1874 the Act was renewed for another three years, and in 1877, when it was about to re-expire, the Premier, Graham Berry, included the sum required to pay members' salaries in the Appropriation Bill, thus proposing to vote the amount as ordinary expenditure, for which a special Act was not necessary. Then the battle between the Council and Assembly recommenced. The Council immediately set the Bill aside, and there was consequently no money to defray the expenses of the Government, except in the few instances where there were statutory appropriations. Very few officers of the public services were thus provided for, and on 8th January 1878, a day henceforth known in the history of the colony as Black Wednesday, a notice appeared in the Victorian Government *Gazette*, dismissing many hundred civil servants, including heads of Departments, Judges of Country Courts and Courts of Mines and Insolvency, Police Magistrates, Crown Prosecutors, and officers in subordinate stations. The effect of this proceeding on public confidence was disastrous in the extreme. There was an immediate shrinkage in property values, commerce was paralysed, and a considerable exodus, both of capital and labour, set in. Both Council and Assembly at once proceeded to justify their position, and voted addresses to the Crown.

Eventually, but not until March, the Assembly sent to the Council an Appropriation Bill without the obnoxious provision for the payment of members, which was passed without demur, and a Payment of Members Bill was also passed. The Council therefore triumphed on both issues ; for though it passed a Payment of Members Act, it limited its operation to 1880, and it was not until that year that the Act was made permanent. The Council could not obtain terms for the unfortunate civil servants who had been dismissed. These were not reinstated, except in the case of a few of their number, as the Ministers considered that the public service had been greatly overmanned, but pensions were promised, or other compensation, and so far as they were concerned the matter ended.

The Governor, Sir George Bowen, had during this controversy sided very strongly with his Ministers and the Assembly, and was accused by the Council and its supporters of partisanship. Communications to this effect were made to the Colonial Office, which was disposed to take a serious view of Bowen's action. Later in the year the Premier introduced and passed through the Assembly a Bill providing that, in the case of any Money and Taxation Bill, if such were passed by the Assembly and not by the Council within one month of its being sent to that House, it should be deemed to have been passed ; and in the case of other Bills, where any Bill had been passed by the Assembly in two consecutive annual sessions, and rejected in each by the Council, it should, notwithstanding such rejection, become law, unless it should also be rejected on a reference being made to the electors for the Assembly. A Bill, however, was only to be referred to a poll of the electors if within twenty-one days of its second rejection by the Council an address passed by an absolute majority of the members of the Council was presented to the Governor asking that the Bill should be so referred. On this Bill being thrown out by the Council, the Assembly voted £5000 to enable the Premier and one of his colleagues, Professor C. H. Pearson, to proceed to England to lay the

case of the Assembly before the Secretary of State and seek Imperial aid in solving Victoria's constitutional difficulties.

Bowen received a despatch on 4th December recalling him to England, and his successor, the Marquis of Normanby, arrived in Melbourne on 27th February 1879. Meanwhile Berry and Pearson had arrived in England, and had seen Sir Michael Hicks-Beach, then at the head of the Colonial Office, who gave them a great deal of sound advice, but very little satisfaction. The Colonial Secretary had received despatches from the late Governor, dealing with various aspects of the dispute between the Council and the Assembly, and to these he made an official reply to the Marquis of Normanby. He paid Berry and Pearson the courtesy of showing them his reply before sending it to the Governor, but declined to discuss the matter with them. The Secretary of State in his minute to the Governor signified that in his opinion no sufficient case for the intervention of the British Parliament had been made out. There was no desire in Victoria to reduce the functions of the Council to a sham and give the Assembly complete practical supremacy, uncontrolled even by that sense of sole responsibility which might exert a beneficial influence on the action of a single chamber. The right of self-government having been given to the colony of Victoria, it was incumbent on her to work out her own constitutional problems. He counselled the Assembly not to introduce elements foreign to the tenor of Bills of Supply, and he considered the Council would not then be likely to reject them. The despatch concluded by stating that the Imperial Parliament would never alter the constitution of the colony at the instance of only one House. The despatch appealed to the reasonableness of both parties, and had much to do in putting an end to what was becoming a chronic state of deadlock. When the Payment of Members Bill was again introduced in 1880 the Council passed it as a permanent enactment.

The fate of the Bill to introduce the principle of the

referendum in the settlement of disputes between the two Houses in Victoria has been referred to, but the Berry Government favoured the abolition of the elective Council, and the substitution therefor of a nominee chamber as in New South Wales, Queensland, and New Zealand. The Government would have proposed this, in place of the referendum, had there been any indication of popular support, but this was lacking; indeed, some of the newspapers most vehement against the action of the Council in thwarting payment of members were equally vehement against a nominee chamber, and the Government did not venture to seek legislative sanction for its ideas. There can hardly be any doubt but that the Berry Government was influenced in this matter by Sir George Bowen, who, on more than one occasion, in his despatches to the Secretary of State, expressed the opinion that Second Chambers, in the Australian colonies, should be created by nomination rather than by election.

While the question of the powers and constitution of the Second Chamber was occupying the attention of the Victorian politicians, and the Assembly was seeking to curb the powers of an elective chamber, the popular Assembly in New South Wales, led by Parkes, was seeking to change from a nominated chamber to an elective.

There had been disputes between the two Houses in New South Wales almost from the establishment of responsible government, and, as has been mentioned in its proper place, various attempts to remodel the Council and put it on an elective basis had been made. In September 1873 the first Parkes Ministry introduced a Bill into the Legislative Council, providing for the representation of the people in that branch of the legislature, but the Council proved hostile, and the Bill had to be dropped. In July 1879 Parkes, who was then leading his third Ministry, moved, apropos of the action of the Council in shelving or defeating certain measures introduced by his Government, a series of six resolutions condemnatory of the Council, and calling for its reform. The resolutions,

which were carried by a large majority, affirmed that "during the last six years two separate measures, passed by different Governments to redress the grievances of the people in their unequal representation in Parliament, have been lost by the hostile and irresponsible action of the Legislative Council ; that many other important measures calculated to benefit materially the people, and passed by large majorities of the people's representatives, have been similarly lost by the action of the Council ; that experience has proved that the principle of nomination by the Crown in the constitution of the Legislative Council has failed, inasmuch as it clothes persons with the highest powers and privileges for the term of their natural lives, and at the same time removes them from all responsibility, thus separating them from the rest of the people and rendering them in many cases indifferent to public opinion." There were other points dealt with, but the principal were those mentioned above. The Council considered these resolutions were needlessly offensive, and without division passed a series in the opposite sense to those of the Assembly, and affirming its independence, authority, and public spirit. The dispute was not carried further at the time. The question of a change in the constitution of the Legislative Council cropped up again several times during this period, but there was never any violent dispute between the two Houses. The Council exercised freely its constitutional powers of amending or rejecting Bills received from the Assembly, but on important questions of policy the two Houses were usually in close agreement.

In South Australia there had been difficulties between the two Houses from the very first session under responsible government, when the Council claimed that, as regards Money Bills, its powers were equal to those of the Assembly, except that such Bills could not be originated in the Council. The Assembly very strongly opposed this claim, and a compromise was arrived at. The Council agreed to refrain from making amendments, but to suggest them and to ask for a conference with the Assembly for

the consideration of its suggestions. The two Houses worked together amicably enough until 1875, when the Boucaut Government introduced its policy of public works, involving an expenditure of some three million pounds. As the works would not yield sufficient revenue to meet the interest on this outlay, Boucaut proposed to impose stamp duties and probate and succession duties to enable the country to pay its way. This additional taxation Boucaut considered to be the keystone of his policy, and, when his proposed taxes were rejected by the Council, adjourned Parliament for a short time. In its next session the taxes were again passed by the Assembly and rejected by the Council. As Boucaut had no means of bringing the Council to agree to his raising the required revenue in the way he desired, he withdrew his public works proposals. Shortly afterwards, on a reconstruction of his Ministry consequent on the retirement of some of his colleagues, he was defeated and compelled to resign. The Premiership was taken by Colton, who formed a Coalition Ministry, which adopted Boucaut's works policy, and, abandoning the proposed stamp duties, succeeded in getting the Council to pass the probate and succession duties. The revenue expected from the new duties was very small, and the additional revenue required was obtained by a slight change in the tariff.

In this and other contests with the Assembly, the Council showed its determination to resist any attempt to tax property, and to compel the Government to look to the customs for any additional revenue it might require. The Council, in fact, assumed the right of deciding how the country's revenue should be raised, and very naturally there was considerable popular indignation. The agitation against the Council was genuinely popular. This the Council realized, and, bowing to the will of the people, undertook to reform itself. In 1881 it passed a Bill increasing the number of its members from eighteen to twenty-four, and dividing the Province into four electoral districts. Under the original constitution, one-third of

the councillors retired every fourth year ; this was reduced to three years, and, to provide against a deadlock between the two Houses, it was stipulated that, in case of a Bill being rejected by the Council or so amended as to cause its failure to become law, after having been passed in the Assembly by absolute majorities during two consecutive Parliaments, the Governor could either dissolve both Houses or issue writs for the election of one or two members for each of the Legislative Council's districts. This Bill was promptly passed by the Assembly, and accepted as affording ample security against persistent obstruction of the Council to the popular will.

Queensland passed through the period without any greater disagreements between the two Houses than were to be expected from co-ordinate branches of the Legislature dealing with any question of public importance. Tasmania, however, was not so fortunate. The Kennerley Ministry resigned in July 1876, after holding office for three years, and was followed by a succession of weak Ministries ; party politics ran very high, and the best interests of the colony were neglected in the scramble for possession of the Treasury benches. The Governor, who at that time was F. A. Weld, a staunch believer in the policy of public works advocated in New South Wales by Sir Hercules Robinson, had converted the Tasmanian Governments to his progressive views, and had the satisfaction, at the end of 1877, of giving his assent to a Bill appropriating the sum of £140,000 to the formation and construction of roads, bridges, wharves, and telegraph lines in hitherto neglected districts. The Legislative Assembly proved more than willing to authorize the expenditure of money, but it had no corresponding willingness to provide the revenue to meet that expenditure.

During eighteen of the twenty-four years following the introduction of responsible government, the expenditure exceeded the revenue, the only attempt made to meet the constantly recurring deficits being that of keeping down the expenditure to a point that greatly impaired

the efficiency of the public service. Governor Weld had persuaded the Government to increase the expenditure on public works, but he could not persuade it to resort to additional taxation, to procure the means to pay for these works. In 1878 the revenue of the colony amounted to £386,000, and it was clear that from the same sources no larger revenue could be expected in 1879; yet, without providing for any additional taxation, the Government asked and obtained from the Assembly authority to expend £500,000. An Appropriation Bill covering this sum was sent to the Legislative Council, and that body, very properly questioning the propriety of voting such a sum on a revenue of a fourth less, refused to pass it. The Government, by a considerable show of indignation, thought to overawe the Council, but without success, and the utmost concession that the Council would give, until the revenue and expenditure were adjusted to one another, was six months' supply. At the end of six months the Council agreed to pass eight months' supply, so that the service of the colony might be carried on, and no further concession being obtainable, Parliament was prorogued so as to enable the Ministers to take the situation into consideration. Their solution of the question was a dissolution of the Assembly, but the Governor could not be persuaded to grant it and the Ministry resigned. The Crowther Ministry was succeeded by one formed by W. R. Giblin, who took the posts of Premier and Treasurer. The new Ministry, having composed matters with the Legislative Council, set itself to reorganize the colony's finances, and by the imposition of a tax of 9d. in the pound on the annual value of real and personal property and the dividends derived from the operations of public companies, an excise duty of 3d. per gallon on beer, and a revision of the customs tariff, brought about an equality between revenue and expenditure. Thus ended the most notable disagreement between the two Houses of the Tasmanian Legislature.

A very important feature of this period was the inclination shown, by several of the colonial Governments, to place

the public services on a more secure footing, and to provide for the non-political administration of some important public works. In Victoria, the rapid growth of the railways, and the conflicting interests to be dealt with by the Minister in charge, brought about a desire, in all sections of the community, that the Government railways should be placed on a business footing and freed from political control. This desire was acceded to, and the railways were placed, by an Act of Parliament, under the management of three independent commissioners. This arrangement worked excellently for a few years, but the great prosperity of the colony brought about laxity in administration and concessions, in regard to new lines, not dictated by the public interest. Whatever may have been the contributing causes, the administration of the three commissioners was not ultimately successful, and in March 1892 they were suspended by the Shiels Government, which had recently taken office. The suspension lasted about three months, when the commissioners resigned. An interim arrangement was then made by the Government appointing temporary commissioners, and subsequently the law was altered to allow of the railway management, while continuing free of political control, to be vested in one commissioner. Under the new management the old regime disappeared, but the causes of the previous laxity had also disappeared, for the colony soon after entered upon a period of deep depression, which rendered abuses, especially of railway construction, impossible. Another important reform made by the Service Government was the passing of an Act doing away with patronage in the public service in regard to appointments and promotions. For such patronage the Act substituted what it termed "a great and equitable system . . . which will enable all persons who have qualified themselves in that behalf to enter the public service without favour or recommendation other than their own merits and fitness for the position aspired to."

The isolation of Australia was practically ended during

this period. In 1876 communication by cable with New Zealand was opened ; in 1883 the Victorian and New South Wales railway systems were joined at Albury, and in 1888 the Queensland and New South Wales systems at Wallangarra. In the same year a weekly mail service to England was arranged, the contract time for the delivery of letters between Adelaide and London being fixed at $32\frac{1}{2}$ to $33\frac{1}{2}$ days. This change was reflected in the political sphere, and the Governments of the colonies were required to consider and act upon questions outside their own immediate concerns. Foremost among these questions was that of federation.

After the attempt to form a Federal Council in 1867, which was rendered abortive by the failure of any of the colonies, except New South Wales, to obtain the necessary parliamentary authority therefor, the question lay dormant until 1881, when, at an Intercolonial Conference held in Sydney, Parkes, who presided, read a memorandum he had prepared on the subject of a Bill to establish a Federal Council of Australia ; but there was no real agreement amongst the delegates and the matter was not proceeded with. The development of the ideas which led first to the establishment of the Federal Council and afterwards to the Commonwealth is traced in a chapter specially devoted to these events, and its discussion, therefore, need not detain us here, particularly as only one phase of it, the Convention of 1891, falls within this period.

In the absence of federation, the only way of learning the opinion of Australia on a subject of general concern was through the Intercolonial Conferences of Premiers and Ministers, which were held with more or less regularity throughout the whole of this period. In 1887 the colonies were invited by the Imperial Government to send representatives to a Colonial Conference to be held in London in May of that year. So far as Australia was concerned, the chief result of the conference was to preserve the neutrality of the New Hebrides under a joint Anglo-French convention, settle the administration of New Guinea, and

arrange for the naval defence of the colonies. The question of New Guinea will be returned to later; that of naval defence was discussed from the Imperial and the colonial point of view and a definite agreement arrived at, which took practical shape in the following year in an Act of the British Parliament, providing for the building of a fleet of seven ships, four of which were to be permanently commissioned, the other three to be held as a reserve in Australian waters, in case of emergency. The British Government undertook to build the vessels at its own expense, and, in the event of war, to commission and maintain the three reserve ships; the Australian Governments were asked to agree to the payment annually of a sum equal to 5 per cent on the cost of the fleet, and to defray the cost of maintaining the four vessels in commission, provided that this did not exceed £91,000 a year. The Parliaments of the various colonies readily ratified this agreement, and undertook to share the expense amongst them rateably to their population. The agreement was to have force for ten years. At the conference the subject of the Australian land defences was also discussed, with the result that the British Government sent out General Bevan Edwards, as an Imperial commissioner, to investigate their conditions and make recommendations for their improvement. The commissioner was everywhere well received. In 1889 his report was published, the main point of which was that until the Australian colonies entered into effective federal union adequate defence was impossible.

The conference of 1887 also settled the administration of New Guinea. During the 'seventies and even earlier, Melbourne and Sydney had acquired important trade interests in the Southern Pacific, and the colonies were very well informed of what was happening in the islands, not only by the traders, but even to a greater extent by the missionaries stationed in the islands, who frequently visited Australia in order to keep alive the interest of the people in their work. Nevertheless, the idea of an Australian dominion in the South Seas seems to have

occurred to very few, and although the Fijis were annexed in 1874, to satisfy an Australian demand, the Intercolonial Conferences only concerned themselves, even as late as 1881, with making representations to the Imperial Government to secure the proper protection of missionaries and traders ; apparently not being greatly concerned, except, indeed, in the interests of the missionaries, as to the hands into which the islands would ultimately fall. In 1883 a very great change of view occurred, and, while the protection of the traders was not lost sight of, the conference of that year formulated a doctrine of the paramount interest of Australia in the South Pacific. By that time the colonies began to realize that their important interests in the Pacific were likely to be threatened. North and east lay belts and clusters of islands, which foreign nations were regarding with longing eyes, partly for purposes of commerce, and partly for their convenient strategic positions. France, Germany, and the United States, especially the two first named, had recently awakened to the necessity for taking a stronger line of policy in the Pacific. Already France had penal settlements in New Caledonia, to which she sent large numbers of relapsed criminals, and Germany was suspected of entertaining designs on New Guinea and the adjacent islands.

The condition of the great island of New Guinea, half of which was unclaimed by any European power, naturally attracted attention when settlement in Australia reached Torres Straits. In June 1873, Captain Moresby of the British warship *Basilisk* hoisted the Union Jack in New Guinea, and read a proclamation taking possession of the island on behalf of the Crown. This action of Moresby's was disallowed, and a year later Parkes urged upon Governor Robinson the advisability of making an effort to colonize New Guinea, his idea being that the place should be in effective occupation against any other claimant. About the same time William Macleay, a prominent citizen of Sydney and a distinguished man of science, fitted out an expedition to explore the south-west of the island. Repre-

sentations in regard to New Guinea were made to Lord Carnarvon, the Secretary of State for the Colonies, but he declined to commit the Government to any decisive action ; indeed, the British Government was at that time opposed, on general grounds, to the annexation of any new territory.

During the visit of Moresby, the blacksmith of the *Basilisk* reported the discovery of gold a few miles inland, and the report, which proved to be well grounded, exercised the usual attraction on roving gold-seekers. Before 1880 parts of New Guinea, and certain of the adjacent islands, were occupied by a motley crowd of diggers and traders who formed a sort of Alsatia on the outskirts of Queensland ; to keep order amongst these people, the High Commissioner of the Western Pacific, at the request of Queensland, appointed a resident magistrate at Thursday Island in Torres Strait, which was Queensland territory, to have jurisdiction over certain other islands with a view to the protection of their aboriginal inhabitants. At the request of Queensland also the British Government stationed a warship at Port Moresby in New Guinea itself. Annexation was, however, still postponed. The Queensland Government, tired of long and vain solicitations to the Colonial Office to take possession of the island, at length grew very restive, and McIlwraith, its Premier, quietly instructed the magistrate at Thursday Island to cross Torres Strait, and, on behalf of the Queen's Government in Queensland, to hoist the British flag and proclaim the annexation to that colony of the part of the island not claimed by the Dutch. This proceeding was disavowed by the Colonial Office and the annexation repudiated. In 1884, however, Lord Derby proclaimed a protectorate over the south-east coast of New Guinea and the adjacent islands, and Germany thereupon seized the remainder. A special commissioner was appointed to administer the affairs of the protectorate, and, as a result of the Colonial Conference of 1887, the portion of New Guinea included in the protectorate was definitely annexed, the colonies of Queensland, New South Wales, and Victoria undertaking

to pay the cost of the administration. This arrangement came into force on 8th June 1888, and on 4th September following Sir William MacGregor took formal possession of the new territory.

Another question of external policy which greatly affected the Australian colonies was that of Chinese immigration. On account of the opening of additional treaty ports, following on the treaty of 1876, the year 1878 showed a very large increase in the number of Chinese entering the country, especially into New South Wales. The influx continued and appeared so formidable in 1881 that Parliament passed the Chinese Restriction Act imposing a tax of £10 on every Chinese entering the colony, and limiting the number to be carried by vessels of various sizes. The Act did not have the effect of stopping this class of immigration, and a few years later a violent agitation arose, and a demand was made for the absolute prohibition of all Chinese from entering the colony. Parkes, who was then in power, introduced a Bill into the Assembly which satisfied the public demand, and called an Inter-colonial Conference to deal with the matter and secure legislation on uniform lines for the whole continent. The conference met in Sydney in July 1888, and while not agreeing to the absolute prohibition of Chinese drew up a scheme which it was thought would tend greatly to reduce the numbers entering Australia. The delegates from each colony agreed to submit a Bill, embodying the decisions of the conference, to their Parliament, and to recommend such Bill to its acceptance. Stringent legislation against the Chinese was adopted by all the colonies excepting Tasmania, which joined in some years afterwards. The matter is merely mentioned here, and will form the subject of a separate chapter.

In the wider fields of policy perhaps no action during this period was more fruitful than that taken by New South Wales in 1885. Early in that year the people of Australia were startled to learn that the acting Premier, William Bede Dalley, had offered, on

behalf of New South Wales, to despatch a military contingent to the British army which was at that time working its way up the Nile, in an endeavour to rescue General Gordon at Khartoum. It was thought that an expedition from Suakim to the Nile was about to be undertaken, and under this impression the New South Wales Government suggested the despatch to that place of a force of infantry and artillery. The British Government was at first greatly embarrassed at the offer; the assistance was not required and its acceptance might be very inconvenient to the military authorities, but to refuse it would have caused great chagrin in the colony, at the same time supplying political capital to the opponents of the Government. Ultimately the offer was accepted, and on 3rd March 1885 the Australian contingent, as it was called, although it was merely a New South Wales contingent, sailed from Sydney for Suakim, amidst scenes of the wildest enthusiasm. The military plans for the Egyptian campaign were subsequently modified, and the little army returned in safety on 24th June, nearly four months from the date of its setting forth, without having seen much service. All the other Australian colonies would gladly have joined in sending contingents of their own, and most of them offered to do so, but their help was of course not needed. There can hardly be any doubt that, in spite of its small achievement, the Soudan contingent gave rise to a new estimate in the Mother Country of the overseas dominions, and stimulated considerably the discussion of the great question of Imperial Federation.

The closing years of the period were a time of great financial and social disturbance. The causes which led to the financial disturbances are dealt with at large elsewhere. They were, briefly, the inordinate speculation which was rife from 1881 to 1889, and the extraordinary fall in the prices of Australian staples which occurred after 1884. South Australia was the first to receive a blow. Owing to a fall in the price of copper the working of the mines of the colony had become unprofitable and

they were closed down; unfortunately, also, the harvest failed for lack of rain, and the stock-owners sustained heavy losses. Land speculation came to an end, and the failure of the Commercial Bank of South Australia and the collapse of other joint stock associations brought many investors to ruin. For two years business in the Province was in a bad way. Relief came, however, when most needed. Gold was found at Teetulpa, where the diggings gave employment to thousands, and, above all, rich deposits of silver and tin were opened up in the Barrier Ranges of New South Wales, adjoining the South Australian border. Shortly afterwards copious rains relieved the agricultural and pastoral situation. New South Wales was next to feel the pinch, and from 1887 onward there was a depression which gradually increased until the explosion of 1893.

Queensland entered very early into the sea of financial difficulty, through which all the colonies passed towards the end of the period, and had also a large share in the labour troubles that preceded the crisis of 1893. Indirectly connected with that event were the Queensland Investment Company's cases, to deal with which Judge Windeyer was obtained from New South Wales. These cases involved questions of the grave responsibility attaching to the manager and directors of the Queensland National Bank in making advances to themselves in their capacity of directors and shareholders in the Investment Company, and terminated disastrously for their reputations.

Terrific storms raged over a great part of Queensland on the last day of January 1893, the rainfall being as much as 3 to 5 inches in the twenty-four hours. From 4th to 6th February following, the south-eastern parts of the colony were devastated by floods of unprecedented volume and violence, Brisbane and Ipswich suffering enormously. The Oxley and Victoria bridges in Brisbane were destroyed, the damage done to property in that city alone being estimated at £2,000,000. A fortnight later there was another extraordinary flood in Brisbane and its vicinity,

and Grafton, Lismore, and other towns in the north-eastern districts of New South Wales were similarly affected.

Victoria was able to maintain an appearance of prosperity longer than any of the other colonies, even until 1889, when it began to feel the effects of the depression in the colonies around it, and to suffer a reaction from its own extravagance. When the reaction came it was swift and strong. Distrust affected the public mind, all weak financial institutions came to grief, and speedily suspicion attached itself to the stronger. From Melbourne the panic spread to New South Wales, Queensland, Tasmania, and South Australia, and by 17th May 1893 thirteen of the twenty-five banks doing business in Australia, as well as most of the financial and savings institutions, had fallen together in one common ruin. Between the first failures of the building and investment societies and the run on the banks of issue, there was a period of two years in which the banks might have prepared themselves for the inevitable. Little advantage was, however, taken of this interval. In the end, almost all the responsible authorities of the banks were affected with mental paralysis, and the crisis, when it came, had to be dealt with by the Premiers of Victoria and New South Wales. In Victoria the Patterson Ministry had recently taken office and met the storm by proclaiming five bank holidays, an action of imbecility, as no bank that expected to survive could have taken advantage of the moratorium, and as for the others, nothing could then have helped them.

New South Wales was fortunate in having at the head of affairs G. R. Dibbs, who, after making strong efforts to save the sound banks in spite of themselves, took the decisive steps elsewhere narrated; and bad as were the effects of the crisis on industry and credit, it is admitted that had it not been for the courageous and discerning action of Dibbs at every phase of the crisis the effects would have been still more deplorable. Tasmania, though it shared in the financial disasters to some extent, mainly

because of its business connexions with Victoria, was too little the scene of financial activity to suffer very much, and Western Australia also was little affected by the bank crisis.

At the close of the previous period Western Australia's population numbered little more than 25,000, and now that the penal settlement was abolished, there was small chance of the number being largely increased. From 1873 to 1893 the history of the colony is summed up in the efforts to obtain responsible government, the exploration of its territory, and the search for gold ; and during these twenty years responsible government was obtained, the remaining unknown territory was explored, and gold was discovered.

The system of administration introduced by Governor Weld in 1870 was well suited to the circumstances of the colony, and, in conjunction with municipal institutions, road boards and boards of education, which were simultaneously established, would have carried the country along until the growth of population should be such as to make the concession of greater autonomy necessary. But Governor Weld was not the only political authority in the colony. His chief secretary, Barlee, had acquired, through the favour of the Governor and by his own abilities, a position very little different from that of a responsible Minister. The Governor freely made use of the ability and energy of his assistant in forwarding the projects he had at heart. Barlee very naturally felt a great disinclination to return to the subordinate position he had previously filled, and consequently conceived the idea of placing himself in a still higher position by becoming Premier of the colony under responsible government. Governor Weld had, however, only a year before expressed a decided opinion, in a despatch to the Secretary of State for the Colonies, that Western Australia was not ripe for that form of constitution ; nevertheless, he allowed himself to be persuaded not to offer opposition to the wishes of his lieutenant. The energetic Colonial Secretary next set

to work to gain converts to his views among the Legislative Councillors, with whom he had great influence and authority. Several of them were young men whose introduction into public life had been made under Barlee's auspices, and they felt that so capable a leader might be safely trusted with the conduct of the experiment of self-government. Resolutions were accordingly passed in 1874 requesting the Governor to introduce a Constitution Bill, conferring responsible government upon the colony. To this Weld gave his consent ; but differences of opinion at once arose as to the details of the measure, and the Legislature was dissolved.

To Governor Weld succeeded, in January 1875, William C. F. Robinson, a man with entirely different views from his predecessor as to the proper policy to be pursued in regard to the agitation for responsible government. The Colonial Office was against making the concession, not being disposed to hand over the administration of nearly one million square miles of territory to the representatives of a handful of people. The task of the Governor, in discouraging the agitation, would have been no easy one if Barlee, his Colonial Secretary, had remained in the colony, but he was offered and accepted the appointment of Governor of Honduras, and the party of progress was left without a leader sufficiently weighty to counterbalance the views of the Colonial Office. It is doubtful, however, whether there was at the time a truly popular demand for responsible government. The white population numbered only 27,000 altogether, of whom 5000 were in Perth, and anything in the nature of a popular appeal from so scattered a population was well-nigh impossible. It is probable that there were few well-informed persons in the colony desirous of seeing responsible government introduced for its own sake. With a Governor like Weld, whose ideas were progressive, the colonists would probably have been quite content without responsible government, which was sought chiefly as the best means of enabling the progressive policy begun by Governor Weld, and carried out with

such conspicuous success, to be continued. The originator of the movement having departed, and no one being left of sufficient experience to replace him, the agitation for responsible government for the time lost its importance, although a section of the press still continued to advocate it. The great question having been shelved for the time being, a sort of political indifference came upon the colony during the remainder of Governor Robinson's term of office.

Robinson's first term as Governor lasted about two years and eight months, and to him succeeded Sir Harry Ord. The new Governor found that there was a good deal of dissatisfaction in the colony, arising out of the restraint placed on the carrying out of a forward policy of public works. This policy was favoured by a large section of the community in order that population and capital might be attracted. There was no fault found with the local administration of the Governor and his advisers, but rather with the Colonial Office, which had vetoed various proposals involving the expenditure of public moneys. Ord arrived in December 1877, and soon afterwards a motion in favour of responsible government was again brought forward. It was rejected, but this rejection was not so much a real expression of the opinion of the Council, which was probably in favour of responsible government, as prompted by a desire not to hamper the Colonial Office. Following the rejection of this resolution a motion was passed, plainly intimating that it would soon become impossible to stem the movement if the Secretary of State for the Colonies continued the existing practice of interfering and thwarting the popular longing for progressive measures. The Governor took advantage of a visit paid by John Forrest to England to make, through that gentleman, strong representations upon the mischievous tendency of this obstructive policy. The result was that the officials of the Colonial Office gradually lessened the frequency of their intervention in the affairs of the colony, and authority for several much-needed railway works, hitherto held back, was granted

and the requisite loans sanctioned. These grievances assuaged, another soon arose respecting the lack of control possessed by the House of Legislature over the expenditure of public money. No real power rested with the representatives of the people in this matter. Estimates indeed were passed, but as a mere matter of form. What moneys the Government thought fit to spend it spent ; the Legislature was powerless to prevent it. However, no accusations of wild extravagance could be brought against the Governor and his Executive. They spent no more than they deemed necessary in the interests of the public service ; but, by making themselves independent of the House for their requirements, they completely deprived that body of the power to exercise its legitimate influence on public affairs.

For the time being the agitation in favour of responsible government gave way to a demand that the Council should be granted larger powers in regard to money matters, and when Robinson entered on his second term, on the retirement of General Ord in 1880, strong remonstrances were addressed by the Council to the Secretary of State against the further retention by the Governor and his Executive of the power of disbursing the public funds, without reference to the people who were taxed to provide them. The Secretary of State saw the reasonableness of these remonstrances, and at once directed the introduction of a Bill ensuring to the Legislative Council full control over the finances, and empowering it to set up a Committee of Finances to act for it during any recess. By this change the elected members of the Legislature obtained an influence over public business that they had not previously possessed ; the Government, becoming altogether dependent upon them for supplies, was compelled to study their wishes with more attention and give them the constitutional position to which they were rightly entitled. This measure of reform was undoubtedly conceded in the expectation that the agitation for full responsible government would die out, and that the colonists would be

satisfied with the measure of freedom and influence that was now given them. But the event was far otherwise.

There had always been an influential party opposed to responsible government on any terms, and it is quite likely that the colony as a whole was against its introduction, on the terms on which the Colonial Office was probably willing to make the concession, that is, the creation of a settled area in the south-west corner of the continent into an independent colony, the rest of the territory to be governed as a Crown colony. The amended constitution was accepted as better than subdivision with responsible government in one corner of the territory, and for a little while the demand for it ceased. The Governor still ruled the country with all but absolute power, as the authorities at the Colonial Office had, except in appointments to the Executive, almost ceased to intervene in Western Australian affairs ; but he took great pains to maintain the most cordial relations with his Legislature. Decisions of the first importance were locally arrived at without more than formal reference to England, and enterprises of a serious nature, involving the expenditure of large sums of borrowed money, were freely undertaken. Legislation too was free from the control of the Colonial Office, and so far as its general policy was concerned Western Australia was practically self-governed.

In 1886 the number of members of the Legislative Council was raised to twenty-six, nine nominated and seventeen elective, and certain by-elections, taking place in the same year, clearly showed that when a general election came the reformers would carry the country ; as it was, they had secured a majority in the Council. In July 1887 a resolution was agreed to affirming the principle of self-government, and the Governor was requested to take the necessary steps to carry out the wishes of the Legislature. The Governor already had his instructions from the Colonial Office, and in order to test the feeling of the country he dissolved the Legislative Council in December 1888. The answer of the constituencies was

unmistakable. When the new Council met in January 1889 a resolution in favour of responsible government was carried without dissent, and a Constitution Bill immediately introduced, and after some amendment passed and forwarded to the Secretary of State. To explain the measure and ensure its passage through the Imperial Parliament, the Western Australian Legislative Council sent three delegates to London : the Governor, Sir F. N. Broome, S. H. Parker, and Sir T. Cockburn-Campbell.

The local Legislature was well advised to send a strong delegation to explain the measure, for very marked opposition was shown to it at every stage of its passage through Parliament. The opposition was centred upon the part of the measure giving the entire control of the Crown lands to the local Parliament. A large number of members of the House of Commons considered that these lands were the common heritage of the British people, and should be retained and made available for the surplus population of the Mother Country. To them it seemed that to hand over a million square miles of territory, much of which enjoyed a temperate climate, to a handful of people—for the population of the colony did not exceed 45,000—was a piece of folly verging upon a political crime. The delegates did their best to explain matters and to show that under responsible government the lands of the colony would still be open to the British people, but their arguments had little apparent effect. Their opportunity came, however, when the Bill was referred to a select committee, of which Baron de Worms was chairman. The committee took a good deal of evidence, and agreed to recommend to the House of Commons that the Bill should be passed substantially as desired by the local Legislature. This recommendation was adopted ; the Parliament about to be created was made equal in all respects to the Legislatures of the other Australasian colonies, and had therefore full control of the public lands. Nor was the triumph of the delegates lessened by the curtailment of the Western Australian territory, which, as its people demanded, was left

one and undivided. The Bill enabling a constitution to be given to Western Australia was assented to by Queen Victoria on 15th August 1890.

EXPLORATION IN WESTERN AUSTRALIA

The desire to find a practicable route from Adelaide to Perth preoccupied the attention of the explorers of both South Australia and Western Australia, and it was conceived that in so great an area there might be much country well-watered and grassed that had so far escaped attention. Two attempts were made in 1873 to reach the west coast from Adelaide. The first of these was an expedition fitted out by Hughes and Elder of Adelaide, the command of which was entrusted to Colonel Warburton. After suffering incredible hardships the party managed to reach the head of the Oakover River, but the results of the expedition were disappointing. In the same year a party, under the leadership of Gosse, discovered fine pastoral country in the vicinity of the Marryat and Alberga Rivers, but the barren nature of the country precluded exploration to the westward.

More important than either of these, and one of the most remarkable journeys in the annals of Australian exploration, was that undertaken by John Forrest in 1874. Colonel Warburton had succeeded in crossing the desert, albeit naked and starving when he reached the coast. John Forrest determined to accomplish the feat, and to accomplish it on more prudential and more successful lines. With him were his brother Alexander, two other whites, and two natives, with ordinary pack and saddle horses. On 14th April 1874 the party left Yuin, then the farthest outside station on the Murchison River. For the first six weeks there was little to record. The route lay along river-courses and through well-grassed country. When the explorers struck eastward they were fortunate in discovering some fine wells. Their agreeable experiences lasted until they got into the spinifex country, and then

their troubles commenced. On 8th June the leader with one black boy left his party to look for water, giving instructions for the remainder to follow up in a few days' time. The two travelled 20 miles over undulating sand-hills clothed with spinifex, but were unable to find the priceless fluid. From the top of a low stony rise the view was gloomy in the extreme. Far to the north and east it was all spinifex country, quite level and destitute of water. They turned back and met the remainder of the party a few miles from the spring at which they had been camped. A retreat was beaten, and the entire expedition fell back upon the former oasis. A day was taken to rest in, and then Alexander Forrest and a black boy went forth on a quest for water towards the south-east. During their absence the natives made an unexpected attack upon the camp, but they were repulsed after a desperate struggle. Alexander Forrest and the black boy returned, having travelled over 50 miles from camp, and, though they had passed over much good grazing country, found no signs of water. The explorers now set to work and built a rough hut of stone, in order to ensure safety from the blacks during the night; for their stay at Weld Springs seemed likely to be indefinite, and a fresh attack might be expected at any moment. When the hut was completed, Forrest, taking with him a black boy, started out on a flying journey due eastward. This time they were fortunate in finding a small supply in some clay water-holes, and the whole party thereupon removed to this locality. On the 22nd June the leader started on another quest ahead, and 30 miles distant found a fine supply of water in a gully running through a grassy plain, where there was abundant fodder for the horses. Eight miles to the southward was discovered a small salt lake, to which was given the name Augusta. On 30th June, John Forrest, while exploring ahead and searching for water, pushed far into the spinifex desert with his horses "knocked up." By the aid of scanty pools of rain-water in the rocks, he managed to push on for some distance, walking most of the way. He

reached a range, and from its summit had an extensive but discouraging view. Far as the eye could pierce, the horizon was as level and as uniform as the sea—everywhere spinifex ; no hills or ranges loomed in the distance. It was disheartening in the extreme. From time to time this experience was repeated. The supply of water was as precarious as it was priceless. Sometimes one of the brothers, sometimes the other, would find a sparse quantity in the rock-hollows and clay-pans of the desert. Sometimes both would fail. Now and again the finds of water were copious, as in the case of Wandich, Pierre, Weld, and Alexander Springs. Generally, however, they were scanty, and rapidly exhausted. Eventually the explorers got into country which, though anything but desirable as pasture land, nevertheless yielded them water. Here they were within 100 miles of Gosse's farthest westward ; and to span this short distance proved weary work. Repeated excursions resulted only in repeated disappointments and knocked-up horses. At last a generous shower of rain filled some rock-holes to the north-east of their camp, and after much exertion the whole party managed to reach an old stopping-place used by the explorer Giles, and named by him Fort Mueller. By this time they were also on Gosse's tracks, and the leader was able to congratulate himself upon the successful accomplishment of his task. From this point to the Transcontinental Telegraph Line the route was practically that followed by Gosse, and on 27th September Forrest struck the wire some distance north of the Peake Station, thus concluding a most valuable expedition in a highly satisfactory manner. On his arrival at the station Forrest learned that Giles and Gosse had both turned their backs upon the inhospitable country which he had traversed in safety and with success.

Whilst Forrest, Warburton, and Gosse were engaged in these expeditions the well-known and experienced explorer, Ernest Giles, made three attempts to cross from Adelaide to Perth, and so to examine the supposed desert of Central Australia. The first attempts, as we have already seen,

were unsuccessful, but the third ranks with the most successful and noteworthy explorations of the continent. Giles succeeded in reaching Perth, and returned overland via the Murchison to Adelaide, completing the circuit in fifteen months. The success of this journey was due in a great measure to the generosity of Sir Thomas Elder, who provided the expedition with camels; and the superiority of these animals over horses for desert travelling was so amply demonstrated that their employment for similar work was thereafter invariably adopted. It was on 23rd May 1875 that Giles set out on his third journey. For the first three months his way lay through comparatively easy country, and in August he reached Boundary Dam in Western Australia. Thence he took a course through the Great Victoria Desert for some hundreds of miles, and he and his whole party underwent all the hardships attendant on desert travelling, till, after a waterless stage of 325 miles, they arrived almost exhausted at Queen Victoria Springs. Resting a short time there the party presently made their way to Ularring, where a supply of water was obtained, their course having led them north-east of the present Coolgardie. Still travelling westward they reached Mount Churchman, and later on Tootra, near Lake Moore, an out-station of Messrs. Clunes. On 18th November they arrived at Perth, having travelled 2575 miles in about five months. The practical results of this journey were not great, yet every credit must be given to an explorer who, in the face of so many difficulties, succeeded in accomplishing his object. A few months sufficed for rest and re-equipment, and on 13th June 1876 Giles and his party commenced the return journey, the first stage being to Northampton via Geraldton. Resuming their journey they entered the Gibson Desert on 1st July. It was part of Giles's plan to discover how far this terrible desert extended. While traversing it they suffered intensely from want of water, going 230 miles without finding any. On reaching the Alfred and Marie Ranges they found themselves once more in familiar country, and shortly after the

Rawlinson Mountains came in sight. On 23rd August the Peake Station in South Australia was reached. Giles, having completed his tour after suffering the most severe hardships, was able to give an accurate account of the greater part of the interior of Western Australia. He fully concurred with those who considered the country as totally unfit for settlement.

Others beside Forrest and Giles were engaged about this time and during the remainder of the period in the examination of the interior of Western Australia. An excellent account of these expeditions, and indeed of the whole of the exploration of the colony, is contained in the Western Australian *Year-Book* of M. A. C. Frazer. These were meritorious efforts of brave and determined men, but none of them were of the important character of the Forrest and Giles expeditions ; they were merely supplementary to them, adding little to the knowledge of the country gained by the great explorers, and therefore do not here call for particular comment.

As regards the subject generally, the details just given of the various expeditions will give some idea of the interior of Australia lying between the 120th meridian and the South Australian border, and sufficiently account for the little progress made by Western Australia prior to the gold discoveries of 1886.

II

IMMIGRATION

NEW SOUTH WALES

AFTER the suspension of assisted immigration in 1868, New South Wales continued to attract some 2000 to 4000 persons yearly, chiefly from the neighbouring colonies; but with the return of good times about the beginning of this period, there was a demand for the revival of assisted immigration. When Parkes became Premier in May 1872 he determined to accede to this demand, and obtained from Parliament a vote of £50,000 for immigration purposes, which was available for expenditure during 1873. A new scheme was devised, under which mechanics, farmers, agricultural labourers, vine-dressers, and domestic servants were to receive assistance, the immigrant paying one-third of his passage to Sydney, and the colony paying the balance. The benefits of the scheme were to be confined to married persons not exceeding thirty-five years of age, and single women up to thirty years. There was a further restriction in regard to single women, namely, that the number assisted in any year should not exceed one-fifth of the total number of all classes. In order to prevent Irish Catholics coming to the colony in large numbers, the regulations provided that the proportion of immigrants of any religion should not exceed the proportion of persons professing that religion then in the colony to the whole population. The predilection of the governing authorities for Germans was shown by a provision allowing one-tenth

of the immigrants to be of German nationality. The old system of nomination was so far retained that immigrants might be nominated in the United Kingdom, subject to the approval of the Agent-General, by persons living in the colony; but it was expected that the majority of the immigrants would be persons selected by the officials of the Agent-General's office, without nomination.

The regulations provided that the new scheme of immigration should come into operation on 1st June 1873, and assisted immigration was carried on under it during 1874 and 1875. The Government in elaborating its scheme was anxious not to arouse the hostility of the working classes of Sydney, and therefore sought to avoid the risk of the persons introduced not finding immediate employment. In matters of immigration some risks must be taken, and this scheme of the Parkes Government did little to stimulate a flow of people to the colony, as under it only about 2000 persons received assisted passages in the two years 1874 and 1875. The provision that single women should pay one-third of the passage-money prevented any considerable number of domestics offering themselves, and the other restrictions to the obtaining of assisted passages made the number of eligible persons applying to the Agent-General, or nominated in Sydney, much smaller than was anticipated when the money for immigration was voted by Parliament.

It cannot be said that there was any general enthusiasm for immigration in New South Wales at this time, and although the slow growth of population was a matter of discussion, even here some took consolation from the fact that the colony was doing better than its neighbours. The lack of qualified domestics was a matter of general complaint, and a public meeting was held in Sydney in November 1874 to discuss the question. At this meeting it was proposed that a society should be formed, whose members should contribute towards a fund for the immigration of single women, and undertake to find them employment on their arrival. The society was to appoint

an agent in England who would nominate suitable women for immigration, and thus obtain the State aid. But this scheme came to nothing, as was commonly the case with proposals involving private contributions. There was and could be no guarantee that those who helped the women to the colony would obtain their services.

The years 1873, 1874, and 1875 were a period of abundant employment and rapidly increasing revenue, and there was a general feeling that a vigorous system of immigration might be adopted with advantage to the whole community. If the working classes did not adopt this view, they made no special objection to it, and it was assumed by members of the Assembly, sitting for working-class constituencies, that they acquiesced in it. On 30th April 1875, W. R. Piddington brought forward in the Assembly a series of resolutions on the subject of immigration, and the House agreed to go into committee upon them. These resolutions suggested that a Board of Immigration should be appointed, consisting of three members holding office for three years, and that the sum of £12,000 per month should be placed at its disposal for the assistance of immigration. The matter was before the Assembly for several weeks, and during that time very considerable opposition was shown, both in and out of the Assembly, to Piddington's proposals. The opposition was not so much against immigration itself, but to Parliament's voting so much money, and placing so little check upon the occasion and manner in which it was to be spent. The object of Piddington and those who supported him was plainly to remove immigration from the immediate control of the Government, as experience had shown that no Government was strong enough to set its face against the interference of party politicians as to the class of persons who should be granted assisted passages and those to whom such should be refused. The question was fully discussed in the Assembly, and it became evident that that branch of the Legislature was not prepared to hand over the control of immigration to a non-political body, independent of the

Government. After two adjournments, it was decided that immigration should continue to be dealt with by the Government.

At the time this decision was arrived at the vote for immigration was almost exhausted, but no more money was granted for the service for several months. In December 1875 an amount of £50,000 appeared on the estimates for assisting immigration, and, at the same time, a Bill was brought in to make foreign agreements for personal service valid in New South Wales. This Bill, taken in conjunction with the provision for assisted immigration, would place it in the power of a colonial employer to introduce labourers, artisans, or domestic servants under indentures; and it was proposed that the agreements between the employer's agent and the intended emigrant should be witnessed in the United Kingdom by officers appointed for the purpose, and that such agreements should be ratified subsequently in the colony. These officers were likewise commissioned to give information as to wages and prices current in the colony. The period of covenanted service was not to exceed two years, and during that period the immigrant was to repay the cost of his passage to the colony, should that have been paid for him by his employer. The money proposed to be voted for assisting immigration was to be spent principally in bringing out the families of the men thus induced to emigrate. The parliamentary session of 1875 closed before this Bill could become law, but it was passed in 1876, and in September of that year a list of persons authorized to witness contracts under the "Agreements Validating Act" was issued. On this list appeared the names of a large number of persons in the United Kingdom, as well as of some in New Zealand, Germany, the United States, and a few other countries. As some protection to the parties to these agreements, an official was to be charged with the duty of providing the agents, appointed under the Act, with authentic information as to the rates of wages and the prices current in New South Wales. In the

meantime, the £50,000 voted in December 1875 for immigration was expended, 1463 persons being assisted to emigrate during 1876, all selected by the Agent-General in the United Kingdom.

In May 1876, Parkes, now again in opposition, moved in the Legislative Assembly that "not less than £150,000 per annum ought to be expended without unnecessary delay in promoting immigration from Great Britain and Ireland," and that a measure for regulating the introduction of immigrants should be brought in during the present session. These resolutions were passed, with the omission of the words "during the present session," and though no vote of money was made during 1876, fresh regulations as to immigration were issued in September of that year. These permitted approved persons, between the ages of 12 and 50 years, to obtain a passage to the colony from England for the sum of £2, and children between 3 and 12 years of age for £1. The immigrants might be nominated by persons in New South Wales, or they might be selected by the Agent-General or his agents, and, contrary to the former practice, the acceptance of nominated immigrants was to be subject to the approval of the Agent - General. The persons approved were to be mechanics, miners, domestic servants, farmers, or any description of labourers suitable for country pursuits. The regulations aimed at securing a preponderance of British immigrants, but one-eighth of the funds available might be expended in introducing persons from other European countries, and one-fourth on persons resident in the United States of America. Asiatics were not to be assisted to immigrate. These regulations were issued too late in the year to have any practical effect on immigration during 1876.

It will be seen that during the six years 1871-76 the question of assisting eligible persons to emigrate to New South Wales was frequently discussed both in Parliament and by the Press, but the total number of assisted immigrants brought to the colony was only 4339, which does

not denote much real earnestness, if earnestness is to be measured by results.

The provisions of the immigration regulations of 1876 attracted some attention on the continent of Europe, and an application was received by the Agent-General from the "Society for the Expatriation of Italian Emigrants," to obtain facilities for sending out emigrants to New South Wales. The Society wished to obtain very special terms for its emigrants, including grants of land, so that small colonies of Italians might be formed. This proposal met with no approval from the Government or people of New South Wales. The colony wanted labourers rather than small farmers, and great objection was manifested to the introduction of foreigners who were not willing to merge themselves in the general population.

Early in 1877 the sum of £100,000 was placed on the estimates for immigration purposes. This large vote roused great opposition among the working classes, particularly in Sydney and the Newcastle district. In June and July numerous meetings were held and petitions were sent to the Government denouncing the use of public money for immigration purposes, and declaring that the result of the contemplated introduction of immigrants would be to lower wages and create unemployment. In Sydney the meetings were organized by the Trades and Labour Council and the Working Men's Defence Association. The latter was a newly formed political society, working in harmony with the Trades Council, but even more strongly and openly opposed to assisted immigration. In the Legislative Assembly, Angus Cameron, who had some claim to the title of "Labour member," moved the reduction of the vote. The matter remained undecided for some months, owing to the political troubles of the year; in August 1877 Parliament was dissolved, and at the ensuing elections immigration was one of the principal questions put before the electors. It was of special importance in constituencies in and around Sydney. Parkes made a determined stand for immigration and lost

his seat in East Sydney largely for that reason, but he was returned for a country constituency. After the election the immigration vote was reduced to £50,000 by the Robertson Ministry, on the ground that the year was so advanced that there was not time to spend the whole of the money. Meanwhile assisted immigration had been proceeding on the vote of the previous year with an entirely new feature, the recruiting of immigrants in New York. The Government had decided to devote £12,500 to securing immigrants in the United States, and had appointed a shipping firm to act as its agent in New York. Passages thence to Sydney were given for £8 to persons between 12 and 50 years of age, and for £4 to children under 12 years, infants being carried free. The first ship left New York in February 1877, and two others followed in March and April, bringing altogether about 500 persons.

In 1878 the struggle concerning the immigration vote began again. The Government proposed to vote £75,000 for the service of the year, and this amount appeared on the estimates. Opposition to the proposed vote was organized again by the Trades and Labour Council, the Working Men's Defence Association, and the Political Reform League, and several meetings were held in Sydney which drew up petitions for presentation to Parliament. This opposition was without effect as the money was voted, and during 1878, 5017 assisted immigrants arrived from England and 173 from New York. Of the former 946 persons were nominated by their friends in New South Wales, the rest being selected by the Agent-General. The American immigration was not satisfactory. It cost the Government as much per head as that from the United Kingdom, while the class of persons secured was not so good. The majority of immigrants from New York were not really Americans, but persons recently arrived from the United Kingdom, who, in the temporarily depressed state of the American labour market, found a difficulty in getting immediate employment.

In spite of the general prosperity of the colony the outcry

from the artisans of Sydney against assisted immigration was unceasing, and to remove the chief occasion of their complaint the Government sought to improve the hiring arrangements, so that the male immigrants should be drawn off to the country districts immediately on their arrival. The endeavour had been made, by sending persons on board the ships to inform the immigrants where work at their trades was plentiful, and by offering free railway passes, to induce them not to remain in Sydney. These well-meant efforts succeeded amongst farm labourers and men desirous of going on sheep and cattle stations, but the mechanics naturally considered it desirable to test the Sydney market before going further afield, and on their landing they sought work wherever building was going on. The immigrants were regarded as willing to accept, especially for piece-work, rates lower than commonly paid, hence the clamour from the men who were, or thought they were, affected by the newcomers. The Government was desirous of avoiding unnecessary opposition to its immigration scheme and therefore arranged hiring sheds, to which the men were taken on arrival in order to meet country employers in search of workmen. This expedient failed also, as the men, as a rule, desired to acquaint themselves with the conditions of labour in the colony before entering on an agreement to leave Sydney, and the hiring sheds were abandoned.

During 1879, 5731 assisted immigrants arrived in New South Wales from the United Kingdom, and as there were symptoms of unemployment, if not of distress, in Sydney in 1880, the Government abated its efforts. Only 3134 arrived during that year, and in 1881 the vote for immigration was reduced to £41,000. During 1881, New South Wales gave shelter to a colony of about 200 Italians belonging to an unfortunate expedition which set out to colonize the island of New Ireland, under the guidance of the Marquis de Rays. These people had been landed at Noumea in a half-starved condition and left without any means of subsistence. Their helpless condition roused the

sympathy of the New South Wales Government, and a ship was sent to bring them to Sydney, where they were lodged in tents in the Domain and provided with food and clothing, until plans for their future could be decided upon. Some few of the men hired themselves as agricultural labourers, but the bulk of the expedition desired to remain together in one community. Ultimately a small area of land was given them between the Clarence and Richmond Rivers, and on this they settled, calling their new home New Italy. There they remained clearing and improving their property, and for many years retaining the distinctive character of their settlement.

The manner in which immigration generally was being conducted was the subject of discussion in Parliament from time to time during these years, and both in 1880 and in 1881 the Legislative Assembly appointed committees to report upon the expediency of continuing assisted immigration. As a result of statements made to these committees, the regulations governing assisted immigration were altered, so that after June 1881 immigrants were required to pay half the cost of their passage, and the issue of passage certificates in the colony was stopped. These changes at once reduced the immigration of farm labourers and domestics to very small numbers, and as these were the classes most desired in the colony the regulations after a trial of six months were again altered so that the charge made for an adult immigrant's passage to Sydney was reduced to five guineas, and the nomination of immigrants in the colony was again permitted. During 1881 only 2577 assisted immigrants arrived in New South Wales, and of these 2429 had been nominated in the colony, the nominations having been made before the June regulations were issued. During 1882 the assisted immigrants numbered 3233, of whom about 2400 were selected by the Agent-General in England.

In 1882 the colony was exceedingly prosperous, and a demand at once arose for the revival of immigration on a vigorous scale. To this the Government readily assented.

New regulations were framed, and the Agent-General was instructed to select and send out mechanics, farmers, miners, vine-dressers, labourers, and domestic servants, "with a special view to the industries of the colony . . . not excluding small working capitalists in any branch of colonial industry." The immigrants were to be obtained as far as possible in the United Kingdom, but 10 per cent of them might be recruited on the continent of Europe. The cost of a passage to an emigrant was £5 for each married adult or single man, and £2 for single women, while children under fourteen years were charged £2 : 10s. each. The cost of the passages of persons nominated in the colony remained the same as before, and the approval of the Agent-General was required to be obtained before the nominees embarked. The regulations came into force on 30th September 1882, and there was at once a great increase of immigration. During 1883, 8369 assisted immigrants arrived, of whom nearly 5800 were selected by the Agent-General ; this was the largest number of assisted immigrants received in the colony during any one year. Immigration was continued under these regulations, and in 1884, 7568 persons arrived, and in 1885, 5554. During the period of great prosperity the protests of the working classes against assisted immigration were ignored, but towards the end of 1885, when prosperity was on the wane, the Government itself took alarm. In March 1886 the nomination of immigrants was stopped, except in the cases of men residing in the colony who wished to send for their wives or children ; in October the Agent-General was instructed to cease sending out immigrants, and at the beginning of 1887 Parliament decided that no more assistance to immigration should be given beyond what was required to carry out existing contracts. Under the contracts immigrants continued to arrive for several years, but the total of such arrivals after 1887 was not more than 2000.

From 1873 to 1893 New South Wales gained from assisted immigration about 58,000 persons, and about four times that number (231,000) were added to the population

of the colony without assistance being given to them. The majority of these unassisted immigrants came from the United Kingdom, although there was also a considerable migration to New South Wales from Victoria and Queensland, especially in the 'seventies, and later on from South Australia, the Broken Hill district being virtually colonized from the last-mentioned Province. The Australian immigrants into New South Wales for the most part settled in the country districts, but the British immigrants preferred, as a rule, to remain in Sydney, and this fact has a not unimportant bearing upon the labour movements of the period.

VICTORIA

The policy of assisted immigration was abandoned by Victoria in 1872, no money being voted after that year to meet the expenses of the system, and no further nominations accepted. Some 860 persons arrived during 1873 whose papers had been completed in the preceding year, and small numbers continued to arrive in subsequent years, the last of these being two warrant-holders, who came out in 1882. Some effort was made to revive State-aided immigration, but without avail, and as time elapsed the opposition to it grew stronger. This opposition was not confined to mechanics or labourers, but was quite widespread; even a responsible politician like Higginbotham could say in criticism of the last effort to obtain a parliamentary vote for immigration: "The Government want simply to use the public money for the purpose of lowering the wages of labour, in order to increase the profits of the capitalist." In 1872 Victoria began to lose population to all the other Australian colonies, except Tasmania and Western Australia, and this was continued during the four subsequent years; on the balance this loss came to about 3000 a year, and labour for certain industries began to be difficult to procure. Manufacturers would gladly have seen the system of immigration "warrants"

revived, but were afraid to move lest the protective system, which they favoured and had secured, should seem to be associated in the popular mind with a demand for introducing supplies of labour. At a meeting of the Manufacturers' Association held in 1876 this attitude of the members towards immigration was clearly illustrated. The Association existed for the purpose of securing "the advance of manufacturers and the prevention of any alteration in the tariff injurious to trade." At the meeting referred to, it was proposed that the Association "should endeavour to secure assisted immigration"; no doubt this was the general wish of the members, many of whom spoke in favour of the proposal, which, however, was withdrawn from motives of policy. The farmers, who as a body did not value the advantages of the protective system so highly as the manufacturers, had no scruple in asking for a reversion to the policy of immigration, and in 1874 the farmers in the vicinity of Melbourne and the Agricultural Society petitioned the Government to renew assisted immigration. The Trades Council at once replied by calling a meeting of all trades to consider this action of the farmers, which they denounced as "an endeavour to cause an influx of skilled as well as agricultural labour, to the detriment of the working classes of the Colony."

The loss of population from Victoria ceased in 1877, and from that year until 1891 the arrivals, chiefly from the United Kingdom, largely exceeded the departures; in 1892 the drain to the other colonies recommenced, and continued until and after the establishment of the Commonwealth.

QUEENSLAND

Although Palmer's Immigration Act of 1872 gave authority for the introduction of various classes of immigrants, assistance was at first limited almost entirely to domestics and agricultural labourers; but early in 1874 the urgent need of capable men for railway construction

induced the Government to instruct the Agent-General to send out some navvies. These arrived in June 1874, and the scenes attending the introduction of navvies in 1865 were repeated. The Government at once took alarm, and telegraphed to Daintree : " Description of immigrants arriving frightful. Filling gaols and lock-ups. Must be improved or stopped." The immigration of navvies was therefore suspended, and the incident led to an inquiry into the manner in which the emigration business was conducted by the subordinate officers of the Queensland Government in England. Macalister was sent over to make the inquiry, and though Daintree was in no way concerned in the irregularities which were found to exist, he resigned his post. In 1875 Macalister became Agent-General for the colony.

In 1875 an amending Act was passed, under which the assisted and remittance immigrants were no longer required to undertake the repayment of their passage-money, and the issue of land orders to all immigrants, except those who paid the whole of their passage-money, was stopped. The Act distinguished four classes of immigrants : those who paid for their own passage to the colony, and who on that account were eligible to receive land grants ; assisted immigrants ; agricultural labourers and domestics, whose passage - money was paid entirely by the Government ; and nominated immigrants, who were sent for by relatives and friends in Queensland. Assisted immigrants were selected by the Agent-General from applicants between the ages of 12 and 40 years, and were required to pay £4 each towards the cost of their conveyance to the colony, the money being paid before leaving England. Nominated immigrants were carried free to Queensland, but gave undertakings to pay the cost of their passage, estimated at £14 each, after the lapse of twelve months from their arrival.

During 1875, 5068 immigrants from the United Kingdom reached Queensland, but towards the end of that year it became very difficult for new arrivals to find employment. This was partly due to the failure of the cane harvest and

partly to the unaccommodating character of the persons introduced, as there was ample employment in the colony for general labourers. Early in 1876 Macalister was requested to reduce the number of immigrants, but before the year was over the demand for labour had so greatly improved that immigration was again in full swing, and as many women servants, agricultural labourers, and useful mechanics were being sent out as could well be obtained. Towards the end of 1876 German immigration was revived on a small scale, the majority of those to whom assistance was given being persons nominated by their friends in Queensland. These immigrants found their own way to London, where they embarked with the ordinary British passengers ; direct sailings from German ports had been discontinued, as the exposure of the insanitary condition of German ships, a few years before, had made the Queensland Government reluctant to employ them again. The German immigrant was, however, still in high favour.

From 1870, when the work of immigration was taken up again with vigour, to 1876 about 39,000 assisted immigrants were carried from Europe to Queensland, and during the same period about 22,000 arrived by sea from the southern colonies, making a total of 61,000 in the seven years. It is true the colony lost some 6000 by landward migration, but the net gain of 55,000 was a very considerable addition to a population which in 1870 numbered only 110,000. Immigration continued to be very considerable during 1877 and 1878, but early in 1879, owing to the prevalence of droughty conditions, there was a good deal of unemployment, and towards the end of February the Agent-General was instructed to stop emigration from the continent of Europe to Queensland, and reduce that from the United Kingdom by one-third ; a little later orders were given for the complete suspension of all immigration facilities. As the year advanced, labour conditions so far improved that the Government decided to resume immigration, and in December 1879 assisted immigrants were again leaving the United Kingdom.

Up to this time vessels carrying passengers and cargo to Queensland had used the southern route, the majority of them calling at Adelaide, Melbourne, or Sydney, and Queensland, being the last place of call, was thus at a distinct disadvantage. In May 1880 the Government of the colony decided to have a direct line of its own, and arranged with the British India Steam Navigation Company for a service of steamers from England by the China Mail route and Torres Strait, with Brisbane as the terminal port. The company was to be paid a subsidy of £55,000 a year, and a guarantee was also given of 200 immigrants by each of the monthly ships, for whom payment would be made at the rate of £16 per adult. The new service proved highly satisfactory; the passenger accommodation was better than that of the other lines, and the voyage from England was shortened. Sailing vessels were not entirely superseded, but when the new service had been in existence for about a year the berthing space on the mail steamers was extended so as to carry the whole of the immigrants.

In May 1881 the demand for labour in Queensland was so great and the prospects of the colony so good that the Agent-General was instructed to double the number of immigrants, and in January 1882, when the British India Company improved its service, the numbers were again increased. The excellence of the mail service induced persons travelling to Sydney and other southern ports to use the British India route, and this led to the supposition that the colony was not getting full value for its immigration activity, and that a large number of persons, after reaping the benefit of the cheap fares and excellent steamship accommodation given by Queensland, did not remain in the colony, but speedily betook themselves elsewhere. There was doubtless some basis of fact underlying these assertions, but the statistical evidence shows that the loss to Queensland in this way could not have been of great importance.

In July 1882 another Immigration Act was passed, which authorized employers to introduce mechanics,

labourers, and servants under indentures as assisted immigrants. For each such immigrant between the ages of 20 and 40 years an employer was required to pay £3 ; between the ages of 40 and 45 years £5, and for each child the charge was £1. Persons signing indentures were bound to serve the employer on whose behalf they were brought to the colony for a period of not less than twelve months nor more than two years. The other forms of immigration allowed by the Act of 1872 were not interfered with.

Queensland was now extremely popular with the emigrating classes of Great Britain ; there was not only no difficulty in obtaining all the free and assisted emigrants required ; but full-paying emigrants were also so numerous that in July 1883 the Agent-General thought it expedient to suspend the granting of free passages until the persons paying their own fares were accommodated. During 1882 the colony gained 17,043 persons by immigration, and the assisted immigrants numbered 12,657 ; in 1883 the gain was 34,371, of whom 26,685 were assisted immigrants. The arrivals in 1883 amounted to one-seventh of the population at the end of the preceding year and exceeded the absorbing power of the colony. Even as early as March 1883, newly arrived immigrants were experiencing difficulty in finding work to do. The Agent-General had been instructed to charter sailing vessels to supplement the regular sailings of the British India Company ; in June 1883 these instructions were cancelled, but not before several vessels had been engaged and despatched. The Government was loath to recognize that its policy of " precipitating progress " was likely to land it in an unemployment difficulty, but at last it did recognize the danger with which it was faced. Existing contracts could not be interfered with, but the Government determined that, on their expiry, the number of immigrants should be restricted to 1000 a month, preference being given to persons nominated by relatives in Queensland, and free passages being confined to female domestics and unmarried farm labourers. This policy was adhered to during 1884,

when 16,486 free and assisted immigrants reached the colony ; this was in excess of the requirements of the Government, but the Agent-General was unable to bring the numbers lower, owing to engagements entered into before the change of policy had been notified.

The year 1884 was one of severe drought, which greatly depressed the demand for labour among private employers, so that even the reduced number of men brought to the colony was in excess of what could be absorbed readily. This was not, however, the case with female domestics, for whom the demand far exceeded the supply. Only a small number of these could be obtained by the agents in England, and though a large number of single women went to the colony as nominated immigrants very few of them entered domestic employments.

During 1885 the number of assisted immigrants arriving in Queensland was 10,736. A large proportion of these, probably more than one-half, remained but a short time in the country, being lured to the southern colonies, especially to Victoria, where the wonderful boom was said to be enriching high and low. The Queensland Government would have prevented Queensland being made a mere stepping-stone to the other colonies if any means of doing so could have been devised ; but after considering various suggestions it was decided that none of these was practicable.

Griffith had come into power in 1883 as an opponent of the employment of Kanaka labour, and recognizing that it would be necessary to provide the sugar planters with labour to replace the Kanakas, his Government amended the Immigration Act of 1882 so far as to permit indentured labourers from the continent of Europe to be introduced on behalf of the planters, at the nominal charge of £1 for each adult. In 1885 a special agent was sent to Europe to obtain labourers suitable for the sugar plantations and willing to bind themselves to work for a specified period. Public opinion greatly favoured the idea of the introduction of North Germans, of whom there were already a consider-

able number in the colony; but the Queensland agent very speedily discovered that the German Government did not permit its subjects to bind themselves to serve foreign masters. Denmark, Sweden, and Norway were next attempted, but with little result, and the mission ended in complete failure.

In 1886 an amendment to the Immigration Act was passed, the principal effect of which was to enable the Government to limit the granting of assistance to certain classes of persons. On 16th September 1886 an Order in Council was published which provided that the nominations of artisans and mechanics for assistance to emigrate to Queensland were to be approved by the responsible Minister in Brisbane before becoming effective. The efforts of the Agent-General and his staff were restricted to the recruiting of domestics and farm labourers, as it was asserted that the nominated immigrants were better and more useful to the colony than others, except farm labourers, recruited in the United Kingdom. Under the best possible system of assisted immigration there are complaints as to the quality of the persons assisted. These complaints are usually aimed at the classes selected by the authorities in England, very rarely at the nominated immigrants, although these latter are not usually subjected to any process of examination or selection, and are on the whole inferior in physique to the other class. The nominated immigrants, however, give little trouble to the authorities and are naturally favoured by them on that account, and, having relatives and friends in the country, speedily merge themselves in the general population. During 1886, 10,695 assisted immigrants came to Queensland, but as the total gain by excess of immigration was only 7695, it is obvious that the colony was not able to retain the people whom, at considerable trouble and expense, it had brought from Great Britain. The season 1885-86 was not good, there was considerable unemployment in Queensland, and this, quite as much as the attractions of the southern colonies, led to the non-retention of the immigrants. The

unemployment during 1885 and 1886, while not very extensive, was still sufficient to attract public attention to the class of immigrants who were then arriving ; it was found that there was far too large a proportion of mechanics amongst them for the requirements of the community, and, recognizing this, the Government decided to amend the law so that assistance might be claimed only by persons whose presence in the colony would be of advantage to it. The amending Act of 1887 recognized two classes of immigrants, the "assisted" and the "nominated." The assisted immigrants were to be selected by the Agent-General from farmers, farm labourers, vine-dressers, labourers, mechanics and their families, and domestic servants who offered themselves in the United Kingdom. The nominated immigrants were to be proposed by residents of Queensland, and the persons nominated were to be either connected with the cultivation of the land, or miners, or domestics. There were no longer any free immigrants, and the rates for both nominated and assisted were increased to £8 for males and £4 for females between the ages of 12 and 40 years, and £12 for persons between the ages of 40 and 55 years ; no assistance was given to persons beyond the latter age. These rates were double those previously charged, and indicate the decreasing favour with which immigration was viewed by the Griffith Government.

The Orders in Council establishing the new conditions were published in April 1887 ; in May 1888 there was a general election, when the Griffith party was defeated, and before leaving office the Government sent an order to the Agent-General to stop all emigration. To Griffith succeeded McIlwraith, who at once reversed this order, and emigration continued as before. The total number of persons assisted to reach Queensland during 1888 was 9170, but it is clear from a consideration of the official statistics that at least half of these remained only a short time in Queensland ; in the following year 7162 persons received assisted passages, and as the surplus of arrivals over departures was only 4340, the colony again lost a

considerable proportion of the persons it had assisted to immigrate.

In 1886 a Crown Lands Amendment Act was passed which authorized the issue of grants of land to persons of the immigrant class who paid their own passages to the colony. During 1887, 378 land order warrants were issued to persons of this class, 971 in 1888, and 1040 in 1889. This appearance of success was, however, unreal, as very few of the immigrants were able to use their orders, which, being non-transferable, were of no service to them.

That assisted immigration was not popular with all classes may perhaps be inferred from the action of the Griffith Government in 1888 ; that it was not approved by the labour classes was evident from the support accorded by labour circles in September 1889 to Glassey's challenge to the Government in Parliament. Glassey's indictment of immigration was not based on general principles, but on the allegation that there was, at the time, no room for more labour in the colony. Although Morehead, on behalf of the Government, defended its policy of immigration, and declared that it would be injurious to the well-being of the colony to interfere with it, yet a few months later the Government, of its own accord, decided to reduce the number of assisted immigrants by one-third ; as a matter of fact, it was reduced by nearly one-half, 7162 immigrants having been assisted in 1889, and 3758 in 1890. In spite of the arrival of these 3758 immigrants in 1890, Queensland suffered a loss of 769 persons during the same year by excess of departures over arrivals ; in the following year there were 2919 assisted immigrants, with an excess of departures amounting to 2375. It was obvious that for the moment the colony could gain little from a continuation of its policy of immigration, and on 2nd March 1892 assisted immigration was suspended, except to allow the fulfilment of contracts already entered into. During 1892, 889 immigrants were brought to the colony, and in 1893 immigration ceased altogether, and was not revived until 1896.

KANAKA AND OTHER COLOURED LABOUR

The check given to the recruiting of Kanaka labour by the Imperial Act of 1872 did not last long. It was found that the naval officers in the Pacific were not given arbitrary powers, but could act only in cases where there was an appearance of illegality on the part of the recruiters. On their side the persons engaged in the traffic were careful to keep within the law, and they found it possible to do so without interfering with a profitable business ; thus it happened that instead of there being a falling off there was a material increase in the supply of Kanakas. In 1873 the number landed in Queensland was 994 ; in 1874, 1503 ; in 1875, 2681 ; and in 1876, 1116. Up to the close of the year last named 11,674 islanders had been brought to Queensland, of whom 5606 remained in the colony, and as it was computed that some 4129 had been sent back to the Islands, there were 1838 dead or unaccounted for. There was little temptation for these helpless people to work their way to the southern colonies on their discharge from their plantations, and, though it is true that only 654 deaths had been registered, there is very good reason to suppose that many deaths were not notified, and that the majority of the unaccounted for were also to be numbered amongst the dead.

The Imperial Act of 1872 dealt a blow to kidnapping, and the sale, by the Island headmen and chiefs, of the islanders within their power; for a time other evil practices were also stopped, but not for long, and the conditions of the traffic, except as regards kidnapping, were soon almost as bad as they were before the British Government intervened. In 1875 a second Act was passed by the Imperial Parliament amending that of 1872, and making the provisions in regard to the recruiting of Kanakas much more stringent. But even then there were many persons in Queensland who considered that neither the Imperial nor the local Acts were able to safeguard the islanders from cruelty and fraud, and though

the traffic might be regularized, it could not be made consistent with Christian ethics. These people never ceased their agitation, and as a sort of answer to them a Select Committee of the Legislative Assembly was appointed to report on the subject of Polynesian labour, which, after taking some evidence, drew up a report entirely in favour of its continuance. The committee was of opinion that recruiting for Queensland was fairly carried out, and that, in the colony, the men were well and kindly treated. It recommended no important changes in the law, but suggested that the men's wages should be paid to them half-yearly, and that strict provision should be made for their return to their homes.

The economic disturbance which Kanaka labour appeared to threaten was not unheeded by the Government; early in 1877 an announcement was made that no further licences to employ Kanaka labour would thereafter be granted, or transfers of such labour authorized except to persons engaged in tropical or semi-tropical agriculture. The regulations framed to carry out this policy were not very strictly enforced. But even if they had been so enforced, the objection of the European labourers to the employment of Kanakas would not have been satisfied, and in any case no limitations were, or could be, applied without direct legislation to labourers whose period of service had expired. These men had the same civil rights as other persons. If they chose to remain in Queensland, they were free to take any employment offered them, without subjecting themselves to Governmental inspection or control. Many of them became shepherds or station hands on stations in the north and west of the colony, where it was difficult for pastoralists to obtain an adequate supply of European labour. The fact that they did thus compete with white labour was a grievance which kept the whole question of the importation of Kanakas before the minds of the labouring classes, and brought a strong reinforcement of opinion to the side of the humanitarians.

The serious drought of 1879, the depression in trade, and the consequent unemployment, increased the complaints against Kanaka labour on the part of the labouring classes, and these complaints were strongly reinforced by allegations, by disinterested persons, that the islanders were often treated with great inhumanity and utterly neglected when sick. The Government was roused to action, and sent two medical men to Maryborough to inquire into the cause of the excessive mortality of Polynesian labourers in that district. It was found that the death-rate on some plantations ranged from 90 to 107 per thousand, and the doctors reported that the cause of this excessive mortality was "indisputably plain." The islanders were being killed by overwork, insufficient or improper food, bad water, the lack of medical attendance, and general neglect. In consequence of this report a Bill was introduced in August 1880, which provided for the proper and better treatment of Kanakas, raised the age of recruits from sixteen to eighteen years, and strictly limited the employment of indentured labour to tropical and semi-tropical agriculture, to the exclusion of work of any other kind carried on even upon the same estate. The Bill as it passed the Assembly contained a clause forbidding time-expired Kanakas entering upon other occupations than tropical agriculture, but to this the Council would not assent, and, the removal of the clause being agreed to, the Bill became law without it.

Not content with Polynesian labour, the planters and squatters of Queensland were desirous of arranging for the introduction of Indian and Chinese coolies, under the provisions of the law of 1862, and it was proposed in July 1874 to send an agent to India to begin recruiting. The agent was to be paid by the planters, and while recognized by the Queensland Government did not officially represent it. The Indian Government, while not objecting to the recruiting of coolies, desired that the person to whom the supervision of the work was entrusted should be an official of the Queensland Government, and that his salary should

be paid or guaranteed by that Government. When the matter came up for discussion in the Legislative Assembly, the representatives of the planters contended that the coolies would be confined to North Queensland, where their labour could be used with advantage for the development of the country, and that without such labour the district would remain a wilderness. The opponents of Indian coolie labour argued that under British law it was not possible to restrict the movements of British subjects as suggested, and that the introduction of coloured labourers would seriously interfere with the flow of European immigrants, who were then very much in favour. Parliament was inclined to the latter view, and the payment of a Queensland agent in India was not agreed to.

The question of introducing Chinese labour was under the consideration of the Queensland Government from March 1874 to April 1875. The sugar planters had arranged to bring coolies from Amoy and Swatow, and in September 1874 an agent was appointed to engage men at these places. The Chinese were to be indentured for five years, with wages at the rate of seven dollars a month, in addition to food, clothing, and lodging, and an allowance of fifty dollars to each man for his return passage. The Chinese Government was willing to grant facilities for the recruiting of coolies, but it required that the Queensland Government should send an accredited emigration agent to China; as the Government was not prepared to do this, the proposal could not be carried out. Later on, when the matter came up for discussion in Parliament, the Government stated that "they had never contemplated Chinese emigration to Queensland; on the contrary, when requested to appoint an agent in China for the purpose they have always declined to do so." The latter part of this statement was certainly true, but it is also true that if it had not been necessary for the payment of such an agent to be sanctioned by Parliament, the introduction of Chinese or Indian coolies would have been carried out without opposition from the Government.

The efforts made in 1880 to limit the employment of Kanakas, and the revived proposals to introduce Indian and Chinese coolies, without the direct sanction of Parliament, prompted Griffith, who was then leading the opposition, to endeavour to obtain the repeal of the Coolie Act of 1862. He did not succeed in getting the Act repealed, but he drew from McIlwraith a declaration that the Government had no intention of employing the Act without first securing the approval of Parliament. In spite of this the proposal was not dropped, and steps were soon afterwards taken to find out, from the Indian Government, the terms upon which coolies could be engaged for Queensland.

The introduction of Indian coolies, or any other kind of coloured labour, was the most prominent question put before the electors at the general elections of 1883. The McIlwraith party was identified with the advocacy of coolie labour, which it claimed would prove to be more efficient than that of the Pacific islanders, and that, as recruiting in India would be carried on under the eye of the Government, it would be free from the abuses associated with the South Sea Islands traffic. The superiority of the Indian coolie was admitted by the opposition, who saw in it a further reason for exclusion. The Kanaka was never a serious competitor with the white labourer, but the coolie might readily become such. The opposition also claimed that it had not been proved that coolie labour of any kind was necessary, as the sugar industry could be carried on by white labour alone. As the result of the election Griffith became Premier, the negotiations with the Indian Government which had been entered on by McIlwraith were discontinued, and the Act of 1862 repealed, so that it was no longer possible for coolie labour to be imported without parliamentary sanction being first obtained. The Act of 1880, which provided for the better treatment of Kanaka labour employed on plantations, had been under McIlwraith almost a dead letter, as the regulations required to give it practical effect had not been issued. Griffith caused regulations to be drawn up, and these were

issued in April 1884. Later in the same year, a Royal Commission was appointed to report on the recruiting of Polynesian labour, in New Guinea and the adjacent islands, under the Act of 1880. This Commission made a close study of the whole subject, and its report was most unfavourable. It declared that, even under the best conditions, the recruits were often unaware of the real nature of the contract they were making, that in spite of the Act the recruiting often took place in the absence of the agent appointed by the Government, and that in fact "many of the evils which the evidence taken by us discloses have arisen from the utter inefficiency or incapacity of the Government agents." On the strength of this report the Government determined to put an end to the importation of Kanaka labour, and obtain some form of white labour suited to work on the sugar plantations. In furtherance of this idea an agent was sent to Southern Europe and empowered to obtain labourers, who would go to Queensland under indentures to work on the sugar plantations. The sugar growers were invited to apply to this agent for the labour they needed, and a small sum was demanded from them towards the cost of conveying the labourers to the colony. The growers had not been consulted in regard to this new scheme, and very few of them made any response to the offer of the Government, the prevailing opinion being that Italians or other Southern Europeans were not suitable for work in the canefields, and, in any case, were not likely to carry out their contracts, when work on much better terms was to be had for the asking. Nevertheless a Bill was passed making the importation of Kanakas illegal after the close of the year 1890. The planters were thus given about five years within which to provide themselves with other labour before the recruiting of Kanakas should cease. The sugar industry showed immediately the effects of this legislation. No new capital was directed towards it, the value of the sugar plantations depreciated rapidly, the area under crop declined, and some of the sugar mills were closed.

As the planters could not be induced to pay for the introduction of Southern European labourers, the Government placed a sum on the estimates of 1891 for the encouragement of that class of immigration. A small number of Italians were secured for the plantations, but very few of them were under indentures, and the attempt was not long persisted in.

Queensland was one of the first of the colonies to feel the depression which heralded the crisis of 1893, and this depression brought about a distinct change in the public attitude towards the sugar planters. Even the most fervent advocate of white labour was not prepared to see the sugar industry die out for lack of men to do field work on the plantations. In February 1892 Sir S. Griffith addressed a manifesto on the subject to the people of Queensland, in which he stated that "his objection to Polynesian labour had been that it tended to the encouragement of large estates owned by absentees ; that it led field labour in tropical agriculture to be regarded as degrading to white men ; that the permanent existence of a large unenfranchised servile population was not compatible with free political institutions ; and that the colony was brought into discredit by the abuses of kidnapping to which the labour trade was subject." But he declared his belief that "the system of growing sugar on large estates was doomed, that it had been shown to be a profitable crop for the small farmer who could grow it without coloured labour." He suggested, therefore, that a further term of ten years should be allowed during which Polynesian labour might be employed, in order that the industry might have time gradually to adjust itself to these changing conditions. This compromise was opposed by the Labour Party, but was in close agreement with public sentiment, and the majority of people saw, or professed to see, the changes to which Griffith referred actually taking place.

At the end of March 1892 the Queensland Parliament met, some months earlier than usual, to deal with "matters of public importance," which included the removal of the

restriction upon the importation of labourers from the Pacific Islands, and the making of provision to prevent them from entering into undue competition with European labour, in industries other than sugar. The Act was passed on 14th April 1892, and was immediately followed by the fitting out of vessels adapted to the trade, eleven such being licensed during the year. The number of Polynesians in Queensland at the census of 1891 was 9428, and after recruiting was again permitted the men brought to the colony were just sufficient to compensate for deaths and for men returned to their homes ; so that, ten years later, in spite of the introduction of about 13,000, the Kanakas were not more numerous than in 1891. The labour was obtained principally from the Solomon Islands and the New Hebrides, and the methods of recruiting and the welfare of the islanders were carefully safeguarded by the Queensland Government, and, so far as was possible with such a traffic, it was free from the many abuses prevalent during its earlier stages. But even thus mitigated, the introduction of Kanaka labour was viewed with great repugnance by the Labour Party.

SOUTH AUSTRALIA

The scheme of immigration adopted by South Australia in 1872 was copied from that of Queensland, which had been so successfully worked by Jordan. The immigrants were of three classes : the unassisted, who paid the cost of their own passage to the Province, and thus became entitled to claim land orders ; persons nominated by residents in South Australia and receiving assistance towards the payment of their passage-money ; and lastly, the so-called free immigrants, selected by agents of the Government in Great Britain, the expense of whose passage was also partly borne by the Government. But the resemblance to Queensland here ended. The immigration authority of South Australia showed no such enterprise as the Queensland representative had done, and it was

speedily discovered that agricultural labourers and domestic servants, the two classes for which there was a continuous and urgent demand, were not forthcoming on the terms proposed. They could not find the sums necessary to secure assisted passages, and, if they wished to emigrate, they could go to other colonies on more favourable terms.

A little experience of the working of the revived system showed that the majority of the immigrants were likely to be people nominated by friends in the Province, and would therefore naturally merge into the general population immediately on their arrival. The farmers and other employers were anxious that a different class should be introduced—men without connexions in the Province, who would need to seek work on their arrival, and thus help to supply the demands of the open labour market. To enforce these views a deputation of farmers waited on the Chief Secretary in July 1873. According to the deputation, many of them wished to take up new land and so extend their cultivation ; but without additional labour they were not only unable to extend their tillage, but feared they would be unable to gather the harvest of the coming season. There had, indeed, been a considerable desertion of the farms by labourers, who sought other and better paid employment, and what the farmers desired was a large importation of English labourers to fill the vacant places.

The Ayers Ministry, which had passed the Immigration Act, had given way to that of Blyth, which was equally favourable to immigration, and, though Parliament was not sitting, the Commissioner of Crown Lands telegraphed to the Agent-General to give passages to a number of agricultural labourers and servants, and to send out as speedily as possible two shiploads of assisted and nominated immigrants. He was instructed subsequently to send out 20 per cent of assisted immigrants in each ship. This assisted immigration was most unpopular with the working classes of the towns, and it was not without difficulty that Parliament was induced to appropriate money

for it ; but the Government persevered and obtained what it required for 1873, as well as £5000 for assisted and £15,000 for nominated immigration during the first half of 1874. Public meetings of protest were held, especially in and around Adelaide, at which resolutions condemning free immigration were passed, and declaring that the only safe way to increase population was "to liberalize the land laws and offer inducements to persons to pay their own passages and settle in the colony." The resolutions spoke of "free" immigrants ; there was in reality no such class. The so-called free immigrants paid £3 towards their passage to South Australia, and from the nominated immigrants of the younger ages no more was demanded. The Government, nevertheless, held to its course, and continued to obtain from Parliament, as occasion arose, small votes for assisted immigration. Had the satisfaction of seeing the immigrants it brought out literally snapped up on their arrival. The meetings of protest were, however, not without effect, and the Government sent lecturers to England in the hope of largely increasing the number of persons who paid for their own passages, and thereby enabling the number of assisted immigrants to be reduced. But, in spite of their offer of free land orders, the lecturers were able to induce very few persons to go out to South Australia, and it was not long before they were recalled.

The Immigration Act permitted the nomination of persons from the continent of Europe as well as from Great Britain, and the Germans in the Province eagerly availed themselves of this privilege, which they had not possessed under the system in operation from 1862 to 1867. But as nominated immigrants were required to present themselves in London for inspection before they could be sent to South Australia, the expense and uncertainty attendant on this procedure prevented most of the persons obtaining nominations from using them, and during 1874 and 1875 only 112 Germans arrived as nominated immigrants. In August 1875 Boucaut, who was then Premier, altered

this practice, and arranged that a ship should be despatched from Hamburg; availing themselves of this opportunity, 687 German immigrants arrived in Adelaide during 1876.

The development of immigration from 1873 to 1876 is illustrated by the following statement of the numbers of all classes assisted during that period :

| | | | | |
|--------------|------|--|--------------|------|
| 1873 | 226 | | 1875 | 2067 |
| 1874 | 2152 | | 1876 | 7730 |

South Australia was much concerned to obtain settlers for its Northern Territory, especially after 1872, when the expectation that gold discoveries would fill the country was no longer entertained. From 1874 onwards the Government had various schemes under its consideration, the object of which was to obtain cheap labour suitable for work in a hot climate. Naturally its first thoughts were of the Chinese, and a shipload of coolies was taken to Palmerston, where they were landed in the expectation that they would engage themselves to work for the stock-owners and on the mines. This, however, they did not do, and the experiment was not at the time carried further; the authorities being not a little influenced by a consideration of the experience of the other colonies with regard to Chinese immigrants. Failing the Chinese the employers thought it possible that Indian coolies might serve their purpose, and an agent was sent to Mauritius and the Malay Peninsula to see how the coolie system worked there. A little investigation showed that the importation of coolies, as it took place in these dependencies, was hedged about with too many restrictions to be attractive to employers in the Northern Territory. Instead of direct importation of Indian coolies by the planters, it was suggested that the Government should import the labourers and bind itself to find them work at an agreed rate of wages, relying upon the run-holders and mine-owners of the Territory to relieve it of its obligations, but the Government did not see its way to undertake such a responsibility. In April 1876 a

more promising scheme was put before the Government. Bishop Francis Louis Bugnion was anxious to find a home for a large number of Mennonites from the provinces of Southern Russia, who, impelled by religious considerations, desired to emigrate. The bishop offered to introduce 40,000 of these persons into the Northern Territory if they were given land to settle upon. At first a willing ear was given to the proposal, and an arrangement contemplated by which the Mennonites were to have land at a low rent. The Government, however, blew hot and cold, and did not take any definite steps to secure the immigrants. Towards the end of the year it expressed its willingness to take a few hundreds of the Mennonites, but this was not what the bishop wanted, and so this very interesting experiment fell through. No further attempt was made to add to the white population of the Territory, which at the end of the period contained only 743 persons of European descent.

The greater portion of the 7730 immigrants who arrived in Adelaide during 1876 were landed during the later months of the year when the Province was suffering very severely from drought, and assisted immigration became more unpopular than ever with the working classes. No provision was made for securing work for the new arrivals, and there were no depots, in Adelaide or elsewhere, where they could remain while they looked for work. In any case there was not private employment for a large number of them, and the Government had perforce to agree to their employment on railway works. The authorities most negligently contented themselves with indicating where work might be obtained, making no provision for transferring the men there, but requiring them to tramp up the country to these works, in many cases leaving their families behind them in Adelaide with little or no means of support. This bad management gave the anti-immigrationists an opportunity that they did not neglect, whilst those who favoured the immigration policy found serious grounds of complaint in the class of immigrants sent out. There were too few agricultural

labourers and too many artisans for the requirements of the country, and there were also a number of miners, who could not possibly find work to which they were accustomed, on account of the great depression from which the mining industry was suffering.

The difficulty in placing immigrants, and the suspicion that many of them deliberately used South Australia as a stepping-stone on their way to Victoria or New South Wales, made Parliament distrustful of the way in which the business was handled, and the Government found no little difficulty in inducing it to make a grant of £80,000 for the expenses of the ensuing year. The Agent-General was consequently instructed to exercise more care in selection, to revise his list of authorized agents, and to take bonds from the immigrants that they would remain two years in the Province, under a penalty of £20. A select committee was appointed to inquire into the manner in which immigration was being carried on. Its report, presented in September 1877, suggested no radical change in the law, but recommended that the capitation grants to immigration agents should be abolished, as it was claimed that this mode of payment was an incentive to regard numbers more than quality; it advised that the number of children accompanying immigrants should not be restricted, and that more prominence should be given to the land warrant system. The committee pointed out that immigrants arriving during June and July would always find difficulty in obtaining employment; therefore the arrival of ships during these months should be avoided. In any case it advised that immigrants should always be brought out in parties of forty or fifty and not in shiploads, so as to give a better chance of their being absorbed in the general population. The establishment of depots in the country districts, to which immigrants might be drafted on their arrival, was strongly insisted upon, and finally the committee expressed the opinion that the nomination system provided the best class of immigrants. These recommendations were in general agreement with public

sentiment, and were for the most part adopted. The practice of selecting persons in England for assisted passages was greatly modified and the nomination system encouraged. During 1877 the immigrants numbered 4947, and in the following year 4638 arrived.

The harvest of 1878-79 was bad, and there was a marked falling off in employment during the latter months of 1878 and in 1879. The Government was embarrassed in regard to its finances, and there was a difficulty in carrying on public works. Word was therefore sent to London to curtail immigration. The engagements already entered into precluded an immediate stoppage, and during 1879 3234 immigrants, mostly nominated persons, arrived in Adelaide, amongst whom was one shipload of Germans from Hamburg. The arrival of so many immigrants, at a time when employment was bad, aroused much resentment among the working population, and a public meeting was held in Adelaide during September 1879 to protest against "the expenditure of money on immigration in the present depressed state of the Colony." At this time some 4000 orders for nominated immigrants had been issued and were still current, and the Government could not put a stop to immigration, even if desirous of so doing, but the selection in England of persons for assisted passages ceased, and during 1880 only 880 immigrants arrived, nearly all of whom were of the nominated class.

In 1881 there was a great improvement in the demand for labour, and the active antagonism of the working classes towards immigration died down. The Government therefore decided to increase the number of nominated immigrants, but at the same time it instructed the Agent-General to make special efforts to induce persons willing to pay for their own passages to immigrate, and to lay stress on the fact that they would on arrival become entitled to land warrants. The Agent-General, however, had little success in this direction, and, with the full approval of the Government, Kirchauff, a German colonist of good standing, proceeded to Hamburg in order to turn the

attention of his compatriots to South Australia. Although Kirchauff had no official connexion with immigration, he was able to interest many persons in his plans, and a shipping agent in Hamburg made conditional arrangements to carry German immigrants to Adelaide on payment of £5. Such immigrants were to make over to him the land orders, to which they would become entitled after a residence of two years in the Province, and he undertook to refund £4 : 10s. of the initial payment on coming into possession of the land orders. German settlers were highly esteemed in South Australia, and this arrangement gave much satisfaction, especially as it was understood that the immigrants would be mainly of the agricultural class. Small groups of Germans brought out under this agreement arrived in Adelaide during 1883, but the depression which fell on the Province in that year prevented the scheme developing to any considerable extent.

In 1882, after the Land Act relating to the Northern Territory had been passed, Parliament was greatly concerned to find suitable labour for the development of tropical agriculture. Experience had shown that it would be impossible to get white men to settle in the country, and as the Chinese had shown a preference for working on their own account to engaging with the planters, and in any case were at the time much out of favour, the Government fell back on its old idea of obtaining labour from India. A Coolie Immigration Act was accordingly passed, it being understood that the Indian authorities would place no obstacles in the way of recruiting, provided the business was conducted by the Government, and the usual safeguards were given for the proper treatment of the men. The planters were anxious to obtain coloured labour, but demanded, as they did in 1873, that the Government should introduce the coolies at its own expense and guarantee their steady employment; the planters to have their services as they required them, and be called upon to pay only for the time the men were actually at work on their estates. Anxious as the Government was for the

development of the Territory, it could not agree to such an arrangement, and in consequence the Coolie Act remained a dead letter.

Fairly large numbers of British immigrants had arrived in 1882, and the authorities were prepared to receive still larger numbers in 1883. Labour conditions had, however, become less favourable as the year advanced, and the ability of the Province to absorb immigrants was greatly reduced. At about the middle of the year, when things were at their worst, three ships full of immigrants arrived in quick succession. A large proportion of the newcomers were unable to obtain work of any kind, and in a few weeks their destitution and distress were extreme. Temporary relief was given by a committee of charitable persons, until the Government was able to provide employment for the able-bodied immigrants on railway works. The public outcry to which this mismanagement of the business of immigration gave rise, coupled with the existing depression, decided the Government to put an end to immigration in every form. At the time there were several hundred persons in Great Britain who had been nominated by friends in the Province; these had, in many instances, disposed of their property in the expectation of an urgent summons to embark, and were now left without any prospect of being taken out to South Australia. The failure of the Government to carry out its bargain with these people was a source of great irritation to their friends in the colony who had already, and in some cases many months previously, paid the sums prescribed by law for their passage to Adelaide. Their cause found a champion in the Assembly, and on 13th February 1884 a motion was made that instructions should be sent immediately to the Agent-General to arrange without delay for the despatch of immigrants already nominated. But the state of employment in the Province was at the time so bad that it was plain the Government could not add fresh labour to the overcrowded market, nor had it any surplus funds to spend on immigration. This was explained to

Parliament, and the motion was rejected, but in the following year Newland, who had proposed the motion just mentioned, became Treasurer in Downer's newly formed Cabinet, and one of the first acts of the Government was to telegraph to the Agent-General to send out 300 of the waiting nominated immigrants, confining his selection to farm or domestic servants. This action was followed by a public meeting of protest, but the Government declined to rescind the order, as many of the persons concerned had been waiting for two years in the hope of being able to reach the Province. However, realizing that the country was not then in a position to afford employment to any further batches of immigrants, the Government formally suspended the regulations governing immigration, and the system was not revived during this or the following period.

The people of South Australia had been very solicitous of preserving their Province from the taint of convictism, and when it was discovered that persons and institutions in England were taking advantage of the assisted immigration system to get rid of some of their undesirables by sending them to Australia, the Parliament of the Province decided to protect itself. In 1891 it passed the Immigration Limitation Act to prevent any person from landing in the colony "who has been convicted of a felony, or who is a lunatic, idiot, deaf, dumb, blind, infirm, or indigent, or likely to become a charge on any public or charitable institution." This Act operated not only against oversea countries, but against the other colonies of Australia, and was freely used to shut out undesirables.

WESTERN AUSTRALIA

Early in 1873 the Government came to the conclusion that there was little likelihood of an appreciable number of immigrants being obtained from England under the regulations of the preceding year, and as the supply of convict labour had almost ceased, the progress made under Governor Weld seemed likely to be lost. Consideration

was therefore given to a proposal for obtaining settlers from the eastern colonies, and an offer was made to pay the passage-money up to £6 of any suitable immigrant from the east, and part of the passage-money of his wife and children. As a further inducement the Government undertook to give each immigrant, after two years' residence, the right of selecting without charge 50 acres of land for himself, and half that area for each member of his family between sixteen and twenty-one years of age, with a maximum of 150 acres for one family. There were conditions as to fencing and cultivation attached to these selections, to be performed before a grant would be issued, but it is needless to discuss them; little advantage was taken of the offers of assistance to emigrate made to settlers in the eastern colonies, and the Western Australian Government was compelled again to look to England for population.

There was a marked improvement in the finances of the country in 1874, and the Council decided to expend £10,000 on immigration. It happened that Laurance, who was in the service of the colony, was at the time in England, and he was asked to extend his stay and organize a scheme for bringing out immigrants. A list of 200 nominated persons was sent him, as well as instructions to select a like number of labourers for speedy despatch to the colony. Laurance appointed recruiting agents to obtain the labourers, communicated with the nominated persons, and arranged with a shipping firm for the carriage of the emigrants to Fremantle at a charge of £18 for each adult. Laurance completed his work by forming a committee in London of persons interested in the colony, who agreed to act as a final selecting authority; intending emigrants were required to obtain a certificate from three members of this committee before they were considered eligible for a free passage.

The first shipload of immigrants under this arrangement reached the colony early in 1875, and the total arrivals during that year numbered about 300. The first comers,

in whose selection Laurance had taken an active part, were excellent colonizing material, but later arrivals were as a rule of a very inferior class. The Government was disposed to hold any one but itself responsible for this, but no other result could reasonably have been anticipated. The recruiting agents were paid head money, and considered numbers and not quality; while the committee after Laurance's departure practically ceased to interest itself in its work, and the majority of the immigrants were to all intents and purposes unselected. At the close of 1875 the supervision of emigration was transferred to the Colonial Immigration Society, and in February 1876 a first batch of immigrants coming out under the new arrangement arrived at Fremantle, and a second in August. The immigrants were as a whole of good type, and the Government was satisfied with the work of the selectors; its troubles commenced after the immigrants had landed. The first inquiries of some of the men were directed towards taking ship to Melbourne or Sydney, and the Government was chagrined to see how little attraction the west had for them. In order to retain the immigrants the Legislative Council passed a new regulation, requiring all persons granted passages to sign an agreement to remain three years in Western Australia or refund the cost of their conveyance to the colony. The new regulation vastly hampered the work of the recruiting agents in England, while having little effect in preventing assisted immigrants from leaving the country.

Besides a free passage, immigrants were entitled, after two years' residence, to a grant of land, subject to the usual conditions as to cultivation and improvement. These grants did not prove attractive, and the privilege of selection was rarely exercised. The immigrants, as a rule, remained in the neighbourhood of Perth and Fremantle, while the outlying station owners were clamouring for more labour. A few employers had introduced, at their own expense, some Chinese, who were found to work satisfactorily on the stations and farms and in the timber

industry ; but the expense of introducing these labourers was considerable, and the employers desired that it should be borne by the Government. In August 1875 a deputation saw Governor Robinson with the object of having 500 Chinese brought to the colony at the public charge. Strong opposition was shown to the proposal in Perth and Fremantle on the grounds that public money should not be used to introduce persons who could never become permanent and useful citizens of the colony, and whose presence would discourage the flow of population from the United Kingdom. In the face of this opposition, Robinson declined to help the deputation, and its request was refused. During the year an experiment was made with another class of coloured labour. The governors of the Lawrence Asylum at Ootakamund for Eurasian boys had been experiencing great difficulty in obtaining suitable employment in India for their charges, and were anxious that some other part of the Empire should accept them and see if they could be made into good colonists. A proposal to send a small number to Western Australia was accepted by the Government, and in due course about fifty boys between the ages of sixteen and eighteen years arrived in the colony. The expense of their journey to Australia was borne by the asylum, and the Western Australian Government maintained the boys until employment was found for them. The first requisite for a boy colonist at that time, as for a man, was bodily strength, which the Eurasian boys lacked ; the experiment was therefore considered a failure, and was not further proceeded with.

Meanwhile, a small stream of immigrants was coming from England at the public expense, and this continued until the beginning of 1878, when orders were given by the Governor that assistance to immigration should be discontinued until the Legislative Council should have an opportunity of considering the matter further. There had been complaints as to the class of persons who were being brought out, and recently these had grown very loud. This was not, indeed, a sign of deterioration in the

quality of the immigrants, but that employment had become more difficult. An inquiry showed that while some immigrants were readily hired, many of them remained at the depot and not a few had left the colony. It was complained that all immigrants could find work, if they would take the employment offered them; but they could not be induced to leave the towns, and in the absence of other labour the squatters were compelled to employ aborigines on their stations. This complaint was both true and unreasonable. The immigrants were induced to come to the colony on the suggestion that there was work to be had which their previous occupations fitted them to perform, and it could not be contended with reason that the experience obtainable in Great Britain qualified any of the immigrants for the solitary, rough, and exacting life of a pastoral station in the interior of Western Australia.

When the Legislative Council met in May 1878 it voted a small sum for the continuance of British immigration, as there was a considerable number of contracts to be completed for the conveyance of nominated immigrants; £4500 was also voted for the introduction of Chinese or coolies, who, it was thought, would furnish the labour so greatly needed on the outlying farms and stations. Ord, who was now Governor of the colony, had served in Singapore, and was favourably disposed towards the employment of coloured labour. In this he was supported by the majority of his Council. There was much restiveness amongst the working classes of Perth when the Chinese vote was proposed, and a deputation was appointed to wait on the Governor and protest against the business being carried further. Ord received the deputation, but his reply to its representations was most unconciliatory. He ascribed the objection of the working classes to the Chinese as due entirely to their ignorance of the precepts of political economy, while their apprehension of possible evil to morality was purely imaginary. The vote was passed, and in April 1879 the first batch of the Chinese immigrants, fifty strong, arrived from Singapore. These

were at once engaged as pearl-fishers or timber-getters. It was not, however, the intention of the Governor to supply labour for these industries, but for agriculture, and in July he announced that he did not think it "prudent to continue the immigration."

A small sum was again voted by the Council for the encouragement of immigration, and was expended entirely on nominees; but very few nominations were made, notwithstanding the ease with which the right to nominate could be obtained, and the provision that the names of the persons to be nominated need not be stated in the colony. All that was required was the calling of the nominee and the name and address of the person in Great Britain who would select the immigrant. The system worked fairly well, although, naturally enough, a considerable proportion of the nomination papers were not used.

During the years 1879, 1880, and 1881 very few assisted immigrants arrived in Western Australia, and the gain of population from other sources was extremely small. The opening up of the Kimberley District and other causes led to an improvement of revenue during 1881 and an increase in the demand for labour. So far as Kimberley was concerned, the governing authorities of the colony were persuaded that the development of the district was not practicable, except with the aid of Chinese labour; but the question of its introduction was now complicated by the growing opposition to such labour, manifested in all the eastern colonies, which had culminated in the conference at Sydney early in 1881. The authorities of Western Australia were not disposed, however, to give up the idea of bringing in Chinese, and the matter being referred to the Colonial Office in London, the Governor was informed that the Secretary of State was not prepared "to interfere with the limited introduction of Chinese labour into Western Australia, unless upon strong evidence of injury already sustained by the neighbouring colonies." In the circumstances, the importation of Chinese coolies was continued on a small scale, and in 1882 the Imported

Labour Registry Act of 1874 was amended so as to regulate the conditions upon which private employers might introduce Asiatics under contract to labour for a stated period. This Act, with slight amendment, remained in force during the whole of this period, and under its provisions some Chinese and other Asiatic labourers were brought into the colony.

The entry of the Asiatics was restricted to certain ports, where the contracts of service were to be registered at the magistrate's office immediately on the arrival of the parties affected. The labourers were bound to complete the contract of service ; when that was done they were free to leave the colony, or remain and accept service under whatever conditions they pleased. Many of the Chinese, on the completion of their indentured term, came to Perth and Fremantle, where they became cooks, market gardeners, furniture-makers, hawkers, and, in fact, entered into competition with the European labourers. It is true the numbers concerned were not large, but a very strong objection to their presence was felt and expressed. The other colonies did not cease to urge their objection to the introduction of Chinese into Western Australia ; but it was not until the discovery of gold in the Kimberley District in 1886 that the Western Australian Government changed its attitude towards the Chinese. In January 1886 Governor Broome addressed Lord Granville on the subject, saying that "in anticipation of the discovery of payable goldfields steps should be taken to prevent Chinese from inundating them," and Lord Granville agreed, with the proviso that "unless for strong reasons I should deprecate the immediate introduction of any stringent measure." During 1886 an Act was passed imposing a poll-tax of £10 upon every Chinese arriving in the colony, except such as came under contract to European employers, and these were exempt only so long as they remained in their indentured service. The Mining Act, passed in the same year, prohibited the issue of miners' rights to Chinamen, and thus withdrew what had been found to be the

greatest incentive to Chinese immigration. In 1888 there were only 400 Chinese in the colony, but after that date, and especially after 1891, they became more numerous.

The discovery of gold in the Kimberley District brought a small rush of miners from South Australia and Victoria, but the finds did not develop as was anticipated, and the colony failed to retain the new arrivals. It had been generally held that Western Australia was destitute of mineral deposits of any value, but the Kimberley discoveries, although yielding no immediate substantial result, dissipated the idea that the colony was without minerals, and, in fact, demonstrated that there was a belt of mineral country extending through the whole length of the colony from north to south. Although the extent or richness of this belt was not known or even surmised, there can be no doubt that the suggestion of its existence affected the general policy of the country.

In 1882 the Legislative Council appointed a committee to consider the whole question of immigration. This committee reported in favour of the nomination system and of giving the persons nominated their expenses in reaching the port of embarkation in England—a very reasonable concession. The committee also recommended the introduction of a number of women for domestic service, but its ideas were very moderate, as the expenditure on immigration of all kinds was to be limited to £6000 a year. This report was not approved by the acting Governor, who ordered the discontinuance of assisted immigration of any kind, alleging that the nomination system was much abused, as colonists sent for their friends irrespective of their fitness for Australian settlement. The committee's report was laid before the Council, but no action was taken upon it, and in July 1883 another committee on immigration was appointed. The revenue of the colony had lately improved materially and was well above the expenditure, and the new committee recommended that £20,000 should be taken from the surplus revenue and spent on immigration at the rate of £10,000 a year. It was further recommended that

there should be an Immigration Board in Perth to deal with immigration and regulate it to meet the needs of the colony ; also an agent in London to select immigrants when required, and to make the necessary arrangements for the despatch of these and the nominated immigrants. This report was adopted by the Council, and the Immigration Board entered on its duties on 13th November 1883.

Nominations poured in at once very freely, and before the end of the year sufficient had been received to absorb all the money available. The Board itself much preferred nominated immigrants to any other kind, and, being satisfied that sufficient persons could be obtained by nomination to meet the demands of the labour market, no special immigration agent in London was appointed ; the business of despatching the immigrants being left in the hands of the Crown Agents and of the representatives of the shipping firms carrying the immigrants.

Assisted immigration proceeded on these lines during 1884, in which year there were 787 nominations ; and in January 1885 the Board, very well satisfied with the class of persons being introduced, enlarged the scope of its system, and agreed to accept nominations from persons in Great Britain, whether Western Australians or intending settlers, provided that the nominations were approved by the agents in London, and that arrangements were made for the reception of the nominees in the colony by the persons responsible for them. The Board also arranged for the selection by its agents of parties of immigrants, and a building in Fremantle was secured, where these persons might stay on their arrival and while awaiting engagement.

In the meantime the question of immigration upon a much larger scale had been mooted in connexion with several projects of railway construction that had been placed before the Government. The need for railways was great, but the colony had neither the means nor the labour to construct them. In August 1881, when the subject of the Eastern Railway was before the Council, it was

resolved "that in any contract which should be entered into, arrangements should be made whereby the contractors should be required to introduce into the colony not less than one hundred labourers to be employed in the construction of the proposed works." The Governor, nevertheless, did not make this a part of the contract, explaining his action as follows: "No doubt if the contractor relies altogether on the local labour market some scarcity of labour in other directions may be felt. This may be an argument in favour of our endeavouring to increase the supply from home, but it is not one which would justify me in compelling the contractor to bring his labour with him from the other colonies, which are importing labour themselves." This seemed a strange accession of sensibility on the part of the Governor of a colony that had already paid the fares of some hundreds of persons from other colonies. The attitude of Western Australia on the question of Chinese labour had been very irritating to the eastern colonies, and it was probably thought undesirable to add to that irritation by forcing the railway contractors to import labour from colonies which badly needed that labour at home.

These schemes came to nought, but in 1883 there was a very important development of railway construction in the colony. Anthony Hordern of Sydney had undertaken the construction of a line of railway from York to Albany, to be paid for by grants of land along its course. Hordern's scheme was to introduce immigrants who would not only make the railway, but settle upon the land, and he suggested the introduction of 50,000 immigrants in this way. The scheme was larger than the Government cared to face, but it was eventually arranged that the Railway Company should bring out 5000, and the subsidiary Western Australian Land Company a further 5000. These persons were to be brought out at the rate of 1000 a year, and the first batch reached the colony in September 1886. As the number of immigrants now arriving was comparatively large, the Immigration Board decided to

stop all assisted immigration except that of nominated immigrants. During the year 1886, 1556 immigrants landed in Western Australia, of whom 663 were immigrants for the Railway and Land Companies, and in the following year, out of 1529 immigrants, these Companies were responsible for 1024. Unfortunately Hordern, the energetic railway contractor and the head of the Land Company, died, and his scheme for settling the immigrants upon the land lapsed with him. The immigrants congregated in Perth, Fremantle, and Albany, and many of them remained unemployed for a considerable time. In June 1887 it was arranged that the Companies should introduce only such immigrants as they were able to employ upon the railway works, and in February 1888, as the excess of labour had become somewhat serious, all assisted immigration, except of nominated persons, was stopped, the Railway and Land Companies being relieved of their obligation to introduce immigrants.

In 1888 the tide of migration turned against the colony, and some of the best of the assisted immigrants brought out from England in recent years were lost, the skilled artisans seeking the better market for their labour which Victoria and New South Wales afforded. Although the policy of the Government was unchanged, few assisted immigrants arrived. Fifty only came to Western Australia in 1888, and 397 in the three years following. In 1891 the Government had embarked on an extensive construction of public works, and, finding there was likely to be a shortage of labour for such construction, it induced Parliament to appropriate £50,000 for the encouragement of immigration, and reduce the sum required from a nominated immigrant from £7 to £5. There was an immediate revival of nominations, but in 1893 the great gold discoveries brought so large an accession of population from the eastern colonies that a vigorous policy of assisted immigration became neither necessary nor desirable.

TASMANIA

At the beginning of this period the Immigration Act of 1867, under which land orders were given to European immigrants who arrived in the island at their own charges, was still in force, but the gain of population due to the operation of the Act was very slight, and was greatly counterbalanced by the loss of native-born Tasmanians leaving for the mainland or New Zealand. In 1873, when the line of railway connecting Hobart and Launceston was under construction, there was not sufficient labour of a suitable kind available in the island to enable the work to be proceeded with, and the constructing company decided to bring out the men they required from England. In the circumstance the Government conceived the idea that by co-operating with the company a better class might be induced to offer themselves, and men who came as labourers might remain as permanent settlers. The official deputed to select the men was appointed by the Government its immigration agent in England, and authorized to issue land order warrants to suitable persons. Under this arrangement 300 labourers were selected, and these, accompanied by 60 women and 65 children, arrived during 1873. Land order warrants were issued in respect of all of these, but they remained unused, and very few of the men stayed on in Tasmania when their employment on the railway ceased.

During the ten years 1873-83 mining for tin and gold became important industries and attracted many skilled men, especially from Victoria, and in 1876 Tasmania ceased to lose population to the mainland. The mines also drew off labour from the comparatively ill-paid local industries, and about the year 1880 there began to be a shortage of agricultural labour and also of a certain class of artisans. As the mines were obviously permanent and the Government was convinced that the labour shortage would increase, a new Immigration Act was passed in 1882, which, while retaining the provisions of the previous Act

in regard to land grants for immigrants who arrived at their own cost, provided also for other classes of assisted immigrants. An Immigration Board was set up in Hobart to superintend the general operation of the Act. It was not the intention of the Government to launch out into an ambitious scheme, and £30,000 was all that was voted to defray the expenses of immigration for three years. As the need for labour, especially for farm work, was somewhat urgent, the Board at once began operations and asked the Emigration and Colonial Aid Corporation, which had superintended emigration from England under the previous Act, to select agricultural labourers, artisans, and domestics for assisted passages. These would be carried to the island on their payment of sums ranging from £3 to £8. The co-operation of the English agency was asked for as a temporary measure until the Board's own agent could reach England, and to him was given the task of selecting persons for assisted passages and of lecturing throughout the country, in order to stimulate the immigration of persons who would not require assistance.

During August 1883 two parties of assisted immigrants numbering 86 persons, whose departure had been supervised by the Emigration and Colonial Aid Corporation, reached Tasmania ; thenceforward the arrangements were in the hands of the Board's agent, and in October there arrived 250 immigrants of his selection. During the whole of 1883 the number of assisted immigrants who reached the colony was 598, of whom 154 were nominated by their friends ; in addition to these, there were 140 persons coming direct from England at their own charges, who became thus entitled to grants of land.

The inflow of population from Australia had now ceased, and these immigrants found no difficulty in securing suitable employment ; there was therefore no labour protest at their coming, and immigration was allowed to proceed on the same lines during the following year, when 949 persons, to whom assisted passages had been granted, reached the colony.

The people of Tasmania had been very favourably impressed by the law-abiding character and industry of the Germans who had settled in various parts of Australia, and in September 1884 the Immigration Board made arrangements with Buck, who had supervised the introduction of German immigrants in 1872, again to take up that duty. As a beginning, the Board asked for 100 adults, but though Buck left Hobart in October 1884, it was not until September 1885 that the Germans arrived. They all found employment quite readily, but there were no further arrivals, as the funds at the disposal of the Board had become exhausted.

During 1885 an amending Immigration Act was passed which suppressed the Board, transferred the management of immigration to the Chief Secretary, and prohibited the issue of land certificates. The abolition of the Board was virtually the end of the immigration system. Thenceforward the number of immigrants were few, assistance being given only to persons nominated by relatives in the island. It was not from dissatisfaction with the quality of the immigration that the change was made, as the persons brought out under the Act of 1882 were regarded very favourably in the colony, where with few exceptions they speedily settled down. But Tasmania was less prosperous than it had been, and during 1885 it again began to lose population, employment was difficult to obtain in some trades, and the public finances were in some disorder.

During the revival of immigration under the Act of 1882, assisted passages were given to 2734 persons, of whom 598 arrived in 1883, 949 in 1884, 552 in 1885, when the Board was suppressed ; 199 came in 1886, 133 in 1887, and 223 in the five years following ; the last assisted immigrant arrived in 1892.

When the rapid development of gold-mining set in there was almost immediately an influx of Chinese from the neighbouring Australian colonies. There was little objection raised to their presence in Tasmania as long as general employment was good, but when in 1885 labour

conditions became somewhat depressed, a cry went up that the Chinese were taking employment away from Europeans. This moved Parliament to pass an Act placing a tax of £10 on every Chinese landing in the country, and restricting the number of Chinese passengers that a vessel might carry to one person to 100 tons. The master was made responsible for the payment of the tax by his Chinese passengers, and was liable to a fine of £20 for every Chinese from his vessel who entered the colony without paying poll-tax.

There were about 1000 Chinese in Tasmania at the time, and Fysh, who was Premier, recognized that the passing of such a measure was a political necessity, albeit he was not at all convinced of the justice or expediency of preventing a limited number of others from settling in the country. When in November 1887 Parkes invited Tasmania to take part with the other colonies in a conference on Chinese immigration, he gave only a reluctant consent. In replying to the invitation he admitted that "the question had assumed greater importance in Tasmania latterly," though "generally the Chinese must be regarded as a law-abiding, industrious class, whose presence would not only be tolerated, but courted, were it not that they are regarded by the labouring class as undesirable competitors in the struggle for existence."

The proceedings of the conference are referred to in the next chapter, and it will be seen that the decisions arrived at did not influence the Tasmanian Legislature to impose further restrictions on the entry of the Chinese during the remainder of this period.

III

THE EXCLUSION OF THE CHINESE

FROM the discovery of gold until about 1870 the chief objection to the Chinese came from the miners; after that year, although the Chinese still frequented the mining fields, the most strenuous opposition to their presence in Australia came from the workers in the capital cities. Nevertheless the Chinese in no sense competed with the city workers. The industry which afforded them most employment was market-gardening, of which they had almost a monopoly, 75 per cent of the whole of the vegetables of the country being grown by Chinese. The industry was not one to which the European colonist took readily, and until the coming of the Chinese the country was very ill supplied with this most necessary article of food, and if it had not been for them the country parts of Australia would have been almost, if not entirely, destitute of any local supply. With their practical monopoly of market-gardening they were naturally the principal hawkers of vegetables, as the growers usually sold to the consumer without the intervention of a middleman. The allied trade of greengrocery was in the possession of the Europeans and Chinese in about equal proportions, while of the fruit trade the Chinese held about one-fifth. Tobacco-growing the Chinese had entirely in their own hands, not two growers in a hundred being Europeans. Large numbers of Chinese still clung to the search for metals, but their employment in nowise interfered with the whites as they confined themselves to

working alluvial tin deposits or searching the rivers and streams and the abandoned diggings for gold. These occupations usually yielded little reward, and every man who followed them was dependent upon himself and his luck for a scanty living. In the great pastoral industry few Chinese found employment. Throughout Australia not more than 5 per cent of station hands, properly so called, were Chinese, but they were numerously employed ring-barking trees, scrub-cutting, and in other occupations of a like kind for which Europeans had little taste. The Chinese make excellent servants, and were in demand for country hotels where women were not employed ; about half the men cooks in Australian hotels were Chinese, and in private houses the proportion was a little more than one-fourth. Here, again, they did not come to any large extent in competition with the whites, for the majority of the Chinese servants were employed in the country districts to which the Europeans did not care to go, or where they could not be induced long to remain. There were no Chinese mechanics in the iron trades, and in the building trades so few as not to be worth mentioning. There were practically only two industries wherein their competition was felt by the European labourer. Towards the end of this period the Chinese obtained a strong hold on the lower branches of the furniture trades, and in 1891 one-third of the cabinet-makers and french polishers in Australia were of that race. The other industry was that of shipping. The Europeans were in almost entire possession of the coastal and intercolonial trades, but towards the end of the period an important trade grew up between the east coast ports of Australia and China and there was a growing tendency on the part of the shipping companies to employ Chinese as firemen and, where possible, as deck-hands also. This was partly on account of their cheapness and partly because the owners could always find a crew in the teeming ports of China, whereas they had no such certainty in the ports of Australia. Taking employments as a whole it was not in any sense true that the presence

of Chinese in Australia tended to depress wages or cause unemployment amongst the European workmen. Their numbers in the latter part of the period were too few and the callings they followed not those particularly favoured by the whites ; the growing antipathy to them was therefore due to some other cause.

The Chinese were reputed to be prone to the grossest forms of immorality, to be opium-smokers, and capable of living and working upon the scantiest supply of food. This last could hardly be esteemed a vice if it had been true, but the Chinese by no means scorned a full board when they could obtain it, and the market-gardeners, cabinet-makers, and other workers had regularly three meals a day, of which salt-fish, rice, pork, cabbage, and the cheaper kinds of tea formed the principal items. On Sundays and festive occasions these were usually supplemented by poultry of some kind and gin. The amplitude of his meals and his practice of a daily bath are perhaps all that can be said in favour of the standard of comfort of the Chinese workman, for he seemed to neglect all ordinary sanitary precautions, and the stench of his dwelling and workshop was tolerable only to Chinese nostrils. In the cities large numbers of the race were herded together in vile slums, and in the country districts in camps, filthier if possible and more objectionable. There were many gamblers amongst them ; perhaps all the Chinese gambled more or less. It was the natural resource of men whose long working hours gave them little time to spend away from their lodgings, which were their workshops also, and who were forbidden by the prejudice of the dominant whites from joining with them in any of their amusements. The prevalence of opium-smoking was greatly exaggerated ; few masters would employ opium-smokers, for they were usually indolent and unsatisfactory, and there was much the same objection to inveterate gamblers. As regards their immorality, things were undoubtedly done in China-town which it would be better not to mention, but nothing was so bad that the Chinese lacked white companions ; on the other hand it

cannot be denied that the criminal records show that the Chinese was, above the average, a law-abiding citizen, and employers agreed in describing their Chinese workmen as peaceful, sober, methodical, honest, learning quickly, imitating cleverly, and protecting to the best of their ability the interests and property of their employers. The sweated, opium-soaked, disorderly Chinaman of popular indignation did not exist ; he was the creature of an unreasoning imagination akin to the foreign devil of the Chinese themselves.

The objection displayed by the working classes of Australia to the introduction of European immigrants at the public expense was grounded on the belief that it was the deliberate purpose of the employers to secure a surplus of labour, and thus bring about a general reduction of wages. To ordinary immigration they had and could have no reasonable objection, for, as already mentioned, the majority of the working classes were themselves immigrants ; but they looked upon the assisted immigrant as of another class, with a lower standard of living, and therefore an untrustworthy ally in times of industrial unrest. To the Chinese this objection also applied, but far more strongly, as his standard of living was incomparably lower, while the possibility of raising him to the Australian standard was inconceivable. The Chinese demanded good food to do good work, but otherwise he was a cheap labourer, in competition with whom the Australian, with his family to support, would soon go to the wall.

In the year 1861, when the Chinese numbered 38,000 or slightly more than 10 per cent of the adult males, their presence in the country was a question of very great importance to the future of Australia, especially to the gold-miners. In 1871 the number of Chinese in Australia had fallen to 28,000, and their proportion of the adult males was not more than 6 per cent. It seemed likely that the numbers would fall still lower, but in 1878, following the opening of new treaty-ports, the tide of Chinese immigration

again turned strongly to Australia, especially to New South Wales, Queensland, and the Northern Territory, and the antipathy against the race, which had died down, was again aroused. An incident which happened in Sydney was the immediate cause of the change. The most important shipping business in the Australian waters, at that time, was carried on by the Australian Steam Navigation Company. The headquarters of this Company were in Sydney, but the boats traded north and south of that port, and some of them were in competition with other lines running to China and largely manned with Chinese. To meet this competition the Company determined to employ Chinese sailors on some of its boats running to Chinese ports. There was no displacement of labour, but the employment of Chinese sailors was greatly resented by white crews, and after a little hesitation the trade unions concerned called out the crews of the Company's boats as they reached Sydney. This was in November 1878, and the strike, which lasted many weeks, was marked by much violence and disorder. The men received the hearty support of the Trades and Labour Councils in Sydney and Brisbane, and the unions of Victoria, Queensland, and South Australia gave them monetary aid, while the miners at Newcastle and at Bulli refused to hew coal intended for the Australian Steam Navigation Company. Still greater aid came from an unexpected quarter. The Queensland Government, which at that time was strongly opposed to the employment of coloured labour, espoused the quarrel, and gave notice in January 1879 that it would discontinue the mail subsidy paid to the Company, and in inviting fresh tenders made it a condition that no Asiatic or Polynesian seamen or firemen should be employed. But for this interference the men might have been beaten ; as it was, the strike ended in a compromise, the Company agreeing to reduce the number of Chinese employed and ultimately to discontinue their employment altogether.

In Sydney the strike caused such violent exhibitions of ill-feeling against the Chinese, however employed, that

the Parkes Government introduced a Bill to restrict Chinese immigration, providing, amongst other things, that every Chinese arriving by sea or land in New South Wales should pay a tax of £10. The Bill passed the Legislative Assembly, but was rejected on its second reading in the Council. The Government took no further action at the time, realizing that in such a matter an individual colony was not the proper unit to consider, and if the exclusion of the Chinese was to be effectually secured, it would be necessary for the colonies to act together. The proposal remained in abeyance until November 1880, when at the meeting of the Intercolonial Conference Parkes moved "that in the opinion of this conference the grave consequences which must follow the influx of large numbers of Chinese call, in a special manner, for the concerted action of all the colonies, both in representations to the Imperial Government, and in local legislation." This motion was carried, the representatives of South Australia reserving their opinion. The conference was adjourned until after Christmas, and when it again met in January 1881 the Chinese question had assumed a different and more serious aspect, as the Government of Western Australia had declared its intention, by a notice in the Government *Gazette*, of introducing Chinese labourers into that colony at the public expense. The conference thereupon declared that in its opinion it was "highly prejudicial to the best interests of the Australian colonies that Chinese should be introduced into any of the colonies at the public expense . . . and . . . unanimously agrees to a joint representation to the Imperial Government on the subject with a view to procuring a reversal of the action of Western Australia." A committee of three, of whom Parkes was one, was deputed to prepare the representation to the Imperial Government. The representation thus prepared pointed out that they were satisfied that the publication of the fact that the Government of Western Australia was employing the public revenue for the introduction of natives of China to occupy the various avenues of labour—

a course never at any time adopted by any of the colonies under parliamentary government—would create throughout the rest of Australia a strong feeling of public disapprobation. The objection to the Chinese was not altogether one of prejudice of colour or race, but was founded in a rational view of the dangers to these British communities which might in the course of time flow from a people numbering more than 400,000,000, whose language, laws, religion, and habits of life were alien to those of Her Majesty's subjects in Australasia, and whose geographical position made the danger more imminent. If Western Australia persisted in her policy, it could not fail to engender among the people of the other colonies a sense of public injury and of resentment, and it was almost certain to lead to the enactment of laws imposing restrictions on communication between her ports and the other Australasian ports. It could not be expected that the people who objected to receiving Chinese immigrants direct from China would submit to their arrival by way of Western Australia. At a time when a disposition was growing up in the colonies to draw more closely the ties of political relationship, it was matter for deep regret that the smallest colony of the group should take a course so calculated to cut her off from popular sympathy and to isolate her in her colonizing progress. Urging upon his Lordship that the action of the Government of Western Australia could not be regarded as other than opposed to the common interest in the social advancement of these colonies, and that, if it were continued, it must be attended by consequences which it was highly desirable to avoid, they joined in an earnest hope that Her Majesty's Government would take such steps as might be deemed expedient to procure its reversal. This representation was signed by all the members of the conference except the representative of Western Australia. South Australia and Tasmania agreed to confer with the Queensland representative with a view to adopting in those colonies the legislation in existence in Queensland against the introduction of Chinese,

and Victoria and New South Wales arranged to confer together in order that they might adopt similar legislation. Following on this agreement, Parkes again introduced a Bill to restrict the immigration of Chinese ; in this it was provided that vessels carrying Chinese passengers were to perform a quarantine of twenty-one days, that only one Chinese was to be carried for each 100 tons of the ship's tonnage, a tax of £10 was to be paid by every Chinese entering New South Wales by sea or land, and on such payment being made a certificate was to be issued. Chinese who were not British subjects were declared incapable of holding real estate. The Bill was passed by a very large majority in the Assembly, but in the Council various vital amendments were made which the popular Chamber refused to accept. A conference of the two Houses was then held, and the Assembly having agreed to the omission of the clause requiring the issue of certificates to Chinese entering the colony, the Bill as it passed the Assembly was agreed to, and became law on 6th December 1881.

The Victorian Parliament passed the Bill in its original form, but South Australia, while agreeing to the principle of exclusion, limited the number of Chinese to be admitted to one to every ten tons, exempted British subjects from the operation of the Act, and confined its operation to the Province itself, thus allowing free ingress of Chinese to the Northern Territory. An attempt was made by separate legislation to check the inflow of Chinese into the Northern Territory by the imposition of a poll-tax and other restrictions similar to those in force in the southern portion of the Province, but the Bill was rejected by the Council. The action of the Council coincided generally with public opinion. At the time large numbers of Chinese were arriving at Port Darwin, attracted by the prospect of gold-mining in the Territory ; in the first fortnight of October 1880 these arrivals had numbered about 1500. The South Australian Government was exceedingly anxious to develop the country, and was not prepared to close the door against such useful immigrants, who indeed came to

look for gold, but it was expected would later on settle down as shepherds and bush-workers on the pastoral holdings, or engage themselves to the planters.

In 1884 Queensland, which already had an Exclusion Act, raised the poll-tax to £30, making the number admissible one to fifty tons of the vessel on which they were carried ; in 1887 Tasmania came into line with the other colonies, and levied a poll-tax of £10 on all Chinese, restricting the number to be carried by a vessel to one to every hundred tons.

This legislation produced for a time a great diminution of Chinese immigration, but in 1886 and 1887 the arrivals, in spite of the poll-tax, were again numerous, and in the latter year it was reported that Chinese were pouring into the Northern Territory in large numbers, spreading thence into the remote parts of Queensland and New South Wales. The report as to the numbers arriving in the Northern Territory was exaggerated, but it was true that the Territory was used as a back door to enter the other colonies, and this was greatly resented, especially in Sydney, where the anti-Chinese feeling was very strong. It was a time of industrial depression, and there were loud complaints in trade circles that Chinese were displacing white labour in the furniture and other important trades. Like other stories in connexion with the Chinese there was little basis for these complaints, but they had the effect of inflaming public opinion, and many unfortunate Chinese in Melbourne and Sydney were subjected to ill-treatment. The antipathy against the Chinese was now no longer confined to the working classes affected, or thinking themselves affected, by the competition of these people, but was almost universal in the colonies. Great interest was displayed in Australia as to what was happening at this time in America, where the people of the United States were taking steps to exclude the Chinese from their ports ; and public opinion was strongly with Parkes when in 1887 he wrote to the Premier of South Australia expressing the opinion that very probably the Chinese Government was cognisant of

the large immigration into the Northern Territory, and that "it might be the design that considerable numbers of Chinese should form a settlement in some part of Australian territory where they might . . . in course of time found a Chinese colony." The surmise was incorrect, but it voiced a possible danger, and added a political scruple to the social and individual objection already existing.

Parkes' despatch to the South Australian Government was one which it could not afford to ignore, especially as public opinion in the Province in regard to the Chinese had grown more antagonistic since the legislation of 1880. The complaint of the other colonies, that, while they refused to allow Chinese to land in any of their ports, they were menaced by an inflow overland from the Northern Territory, was deemed to be well grounded, and the South Australian Government agreed to confer with other Governments. This it did, and as a result an Act was passed in 1888 imposing a tax of £10 on every Chinese arriving in the Northern Territory, and also upon those already there who passed to any part of the Province more than 200 miles south of Port Darwin. This was a temporary Act, to cease operation on 1st January 1890, its further continuance after that time depending upon the action of the other colonies during the interval.

Meanwhile, the Chinese ambassador in London made representations to the British Government that the exclusion of Chinese from any part of its territory was contrary to treaty obligations; and the Secretary of State despatched a circular letter to all the Australian Governors calling attention to this protest, and pointing out that the local legislation against the Chinese was most embarrassing to the Imperial Government. The Australian authorities were not, however, to be moved from the position they had taken up, and there was a general agreement that the Imperial Government ought not to bind the Australian Governments by treaty obligations so contrary to their interests without previously consulting them. Parkes spoke with the general, if not the official, authority of the

colonies, when he urged that "we have an indisputable right to expect the Imperial Government to consult and protect our separate and peculiar interests . . . by the exercise of the powers of treaty on our behalf," but that "if protection cannot be afforded, the Australian Parliaments must act from force of public opinion in devising measures to defend the colonies from consequences which they cannot relax in their desire to avert."

On 31st March 1888 the Government of New South Wales cabled to the Imperial Government impressing upon it the peculiar dangers to Australia from Chinese immigration and its determination "to preserve the British type in the population," and asking that "immediate steps be taken to open such negotiations with the Emperor of China as will result in permanent security to the Australian colonies from the disturbance of Chinese immigration in any form." In April a ship called the *Afghan* arrived at Melbourne from China with 268 Chinese passengers on board, of whom 67 were booked for Melbourne, 59 for Sydney, and the rest for New Zealand. As the ship was one of 1400 tons, only 14 of the Chinese were entitled by law to land at Melbourne, but the rest declared that they were naturalized Australians, and showed papers which purported to prove this. The Victorian Government believed this profession to be fraudulent, and refused to allow any of the Chinese to land, warning the captain of the vessel that if he attempted to enforce his right to land 14 of them, he would be prosecuted for bringing the additional 53, for which he was liable to a fine of £5300. In these circumstances no attempt was made to land any of the men, and the vessel sailed for Sydney. When the Chinese on the *Afghan* reached that port on 1st May they found a people just as determined to prevent their landing and bent on compelling the Government to instant action. A great meeting was held in the Town Hall on 3rd May "to protest against the further influx of Chinese," and strongly worded resolutions were carried. On the two following days two other vessels arrived in Sydney Harbour, bringing

a large number of Chinese passengers, and the public indignation reached fever heat. A strong deputation of citizens waited on Parkes to urge that the Chinese should be forbidden to land ; it found the Premier entirely of the same mind, and orders were at once given to the police and customs authorities that no one should leave the ships unless he could prove that he was a naturalized citizen of the colony, and the mere possession of papers of naturalization was not to be considered a proof unless supported by other evidence. In doing this, Parkes of course exceeded his powers, as it is plain the law could not be set aside at the whim of the executive.

The English Government had made no acknowledgment of the telegram sent by Parkes on behalf of the Australian Governments on 31st March 1888 ; when the *Afghan's* passengers had been refused a landing in Melbourne, the Governor of New South Wales telegraphed to the Secretary of State, but it was not until 12th May that an answer was received, and then all that could be elicited was that the matter had not been overlooked and was receiving attention. It was plain that the Imperial Government was in a dilemma, and no immediate help could be obtained from it ; Parkes, therefore, forced on by public opinion, resolved to act decisively and without delay. On 16th May he moved in the Legislative Assembly that the Standing Orders should be suspended so as to permit a Chinese Immigration Bill to be passed through Parliament in one day, repealing the Act of 1881, and providing for the regulation of those Chinese already in the colony and for the exclusion of others. In introducing the Bill he declared that "neither for Her Majesty's ships of war, nor for Her Majesty's representative on the spot, nor for the Secretary of State for the Colonies, do we intend to turn aside from our purpose, which is to terminate the landing of Chinese on these shores for ever, except under the restrictions imposed by the Bill, which will amount, and which are intended to amount, to practical prohibition." The House sat continuously for twenty-seven hours, and passed the

Bill on the morning of 17th May. In the Legislative Council it was not regarded as being of such an urgent nature, and while the Bill was being considered by the Council, the Chinese on board the ships held up at Sydney appealed to the courts ; the Judges decided that some of them were illegally detained, and the Government was compelled to give way and permit their landing. This vindication of the law served to increase the public ferment. On 25th June a great anti-Chinese indignation meeting and procession was organized and wild words were uttered ; open rebellion, defiance of the Governor, "cutting the painter," and the ignoring of treaty rights were freely advocated. Some ten days later an Intercolonial Conference on the Chinese question was held at Sydney, under the presidency of Parkes as Premier of New South Wales. The conference was united in the opinion that the influx of Chinese should be made as difficult as possible. It was not deemed advisable absolutely to prohibit their immigration ; but it was considered that the numbers privileged to land should be so limited that an effective check would be given to their coming to Australia. The conference agreed that there should be uniform legislation in all the colonies on the principle of the imposition of a poll-tax and a landing restriction of one Chinese to every five hundred tons ; each colony was to take the necessary steps to prevent the passage of Chinese across its borders. Finally, it was arranged that the Imperial Government should be requested to invite the Chinese Government to assist the colonies, by restricting the emigration of its subjects to Australia.

While the conference was sitting, the New South Wales Legislative Council completed its consideration of the Government's measure. The provisions inserted by the Assembly that Chinese already in the colony should be prohibited from following certain occupations and should be restricted to certain areas were omitted, but otherwise the Bill was not substantially touched. A poll-tax of £100 was imposed, the entry of more than one Chinese to every

300 tons was forbidden, their engaging in mining was prohibited, also their naturalization, and the Government was indemnified for its action in refusing to allow the Chinese on the *Afghan* and the other vessels to land.

The action of the New South Wales Government in forcing its Bill through Parliament, and going further in the direction of prohibition than the conference as a whole was willing to go, aroused not a little resentment in political circles outside New South Wales, first, because the colony had not adhered to its bargain, and, secondly, because in the colonies which conformed to the conference Bill there was left room for renewed agitation against the Chinese, which would not have been the case if uniform legislation had been adopted. In order to do away with this just cause of complaint the New South Wales Government undertook to amend this Act, so as to conform to the resolutions of the conference, as soon as two other colonies had done so. But this promise was not observed, although Victoria and South Australia lost no time in passing Acts on the lines laid down. Western Australia, although still a Crown colony, did the same in 1888, and in 1893, after obtaining self-government, it prohibited the indenturing of Chinese for labour in the tropical districts, which had been allowed under the law of 1884. Queensland passed an Exclusion Bill in 1888, but went very considerably beyond the conference agreement both in its requirements and its exclusions. The Bill was reserved for the Royal Assent, which was given on the distinct understanding that modifications should be introduced as required by the Secretary of State. Some amendments were made in 1890, but not sufficient to meet the wishes of the Imperial Government or redeem the undertaking under which assent to the original Bill was given. Tasmania did not think it necessary to pass any further anti-Chinese legislation to supplement its Act of 1887.

This legislation, so stringent in its general provisions, was harshly applied in most of the colonies, and during the ten years 1891 to 1901 the Chinese of full and half-

blood declined in number from 38,077 to 33,165. But, stringent as were the laws and harsh as was their administration, not a few Chinese must have slipped into the country unobserved, as, allowing for the recorded arrivals and departures and the ordinary death-rate of the country, the number in 1901 should not have exceeded 23,000, or 10,000 less than the census showed were actually in the country.

IV

LAND AND SETTLEMENT

NEW SOUTH WALES

THE year 1872, though it was marked by no new land legislation, was the beginning of a new era in the history of the land question in New South Wales, for in that year alienation of the public estate began to take place on a vast scale.

A very few years' experience of the working of free selection before survey was sufficient to convince the squatters that it would be necessary for them to purchase a large portion of their runs, if they wished to hold their leases with safety, as almost from the passing of the Robertson Land Act in 1861 there had been a class, whose numbers rapidly increased, which saw in free selection a powerful means of victimizing the leaseholders. It was not until 1872 that the squatters were able to defend their interests in the way they desired. In that year the commercial depression, following the crisis of 1866, completely passed away; money, which had previously been lacking, became plentifully available for investment in land and the banks willingly lent themselves to strengthening the squatters' position against the predatory selector. A change in the policy of the Government in regard to auction sales also gave the squatters facilities for acquiring land that they had not previously enjoyed.

The selection of land under conditions of residence was the method of purchase most favoured by the Governments

that administered the Act during its early years, and sales of land by auction, although revenue was badly needed, were not therefore encouraged. As time passed these ideas of administration changed, and after 1872, when the war between squatter and selector became very fierce, the Government offered large areas at auction, thereby assisting the squatters to defend their runs, and incidentally furnishing itself with an abundant revenue. The following statement (in acres) of the sales of land during the five years 1872-76 will show the tendency and effect of the new policy :

| | | Absolute Sales. | Conditional Sales. | Total Sales. |
|------|---|--------------------|-----------------------|-----------------|
| 1872 | . | 166,834 | 749,587 | 916,421 |
| 1873 | . | 390,688 | 1,391,719 | 1,782,407 |
| 1874 | . | 702,758 | 1,586,282 | 2,289,040 |
| 1875 | . | 1,135,274 | 1,756,678 | 2,891,952 |
| 1876 | . | 2,062,138 | 1,984,212 | 4,046,350 |

From 1862 to 1871, 2,850,000 acres were sold conditionally and 1,120,000 acres absolutely, and the revenue gathered in by the Treasury amounted to £2,358,000; for these ten years the average yearly sales, therefore, amounted to 397,000 acres and the land revenue to £235,800. From 1872 to 1876, 7,500,000 acres were sold conditionally and 4,000,000 acres absolutely, the revenue obtained being £6,662,000; so that for these five years the average yearly sales amounted to 2,300,000 acres and the revenue to £1,332,000, that is to say, to about six times as much as those of the preceding ten years.

It does not require any further illustrations than those already given to make clear that the enormous alienation of land during the early part of this period was not due to the requirements of agriculture or even of pastoral settlement. Large freehold estates had been the exception before the passing of the Robertson Act, and as late as 1870 there were hardly any such estates other than the three great grants originally made to the Australian Agricultural Company in 1825. After 1870 the bulk of the land sold, whether conditionally or otherwise, passed

into the hands of the pastoralists, and the formation of large freehold estates was begun.

On behalf of the squatters it is claimed that they were forced to buy land in order to protect their fortunes, which were sunk in their runs; and on behalf of the banks from whom the squatters obtained money, that they were compelled to protect their own interests, which were deeply involved in the pastoral industry of the colony. In support of this view much may be said. The land purchased by the squatters cost at least £1 per acre, and this, at the time, represented interest at the rate of 16d. a year, whereas for the same land on leasehold the squatters would probably have paid not more than 2d. To purchase his land, therefore, cost the squatter eight times as much as he would have paid had it remained in his possession under lease, and it may therefore be presumed that there was in all cases an adequate motive for preferring the higher to the lower charge. It is probable that some squatters were actuated by another consideration also, and expected, by "peacocking" their runs, that is to say, by purchasing all the river and creek frontages, water-holes, and other specially valuable sites, to be able to hold the remainder of the run against all comers when their leases expired.

It has been stated that the bulk of the lands conditionally purchased fell ultimately into the hands of the squatters. The methods by which this result was obtained were sometimes ingenious and sometimes dependent for success on barefaced perjury. There was, of course, no bar to the sale of land purchased conditionally after the purchase had been completed, and undoubtedly a considerable amount of land was sold by free selectors who had fulfilled, genuinely enough, the conditions of their selection. But in a far greater number of cases the original selections were not made by genuine settlers. Thus the Act permitted selections to be made by any inhabitant over two years of age, and it frequently happened that all the members of a family selected the maximum area of land, a pretence of separate occupation for the

period of three years required by law was made by each, and at the end of that time the whole area passed into the hands of the head of the family. This palpable artifice had a great vogue, and was unchecked until the amending Act of 1875 limited selection to persons of sixteen years of age and upwards. In other cases, relatives, servants, and other hired persons were specially employed for the purpose of taking up selections, and land was sometimes selected in the names of fictitious individuals. When the period of occupation was completed and the affidavits required by law were duly sworn, the land passed into the hands of the instigator of the transactions. By means such as these, many squatters were able to accomplish what they desired, that is, they acquired such a dominating position on their runs as to make the remaining area of little value to any one else.

The line of defence adopted by the pastoral tenants was the natural outcome of the position in which they found themselves under the law. They were exposed to the risk of losing the best portions of their runs to any free selectors who chose to settle upon them. The danger to the squatter from the incursions made by the *bona fide* selector was great, but he was exposed to far greater danger from the operations of the speculating and blackmailing free selectors, types which were evolved almost as soon as the Robertson Act became law. The speculating selector was the man who selected intending to fulfil the conditions of occupation, and then to sell and move to a fresh place; whereas the blackmailer was a man who selected a vulnerable point on a run, with the intention of remaining there until he could harass the squatter into buying him out.

It was not, of course, necessary for a squatter to have recourse to illegal means to obtain the freehold of a portion of his run. The law gave him a pre-emptive right over areas on which improvements had been made, in virtue of such improvements, and the purchase by conditional selection gave also a pre-emptive right over an adjoining area four times as great. In 1876 lessees held pre-

emptive rights over ten million acres, which were obtained mainly in the manner just indicated. A further opportunity of obtaining the freehold of his run by legal means was given to the squatter by the auction system, and in 1872 and subsequent years a leaseholder had rarely any difficulty in having any part of his holding, which he desired to purchase, offered at auction at a price seldom exceeding £1 an acre.

When the Act of 1861 was being discussed, it was urged that the Crown lands would be much improved in value by reason of the increased occupation and cultivation that would follow under free selection, and the colony would directly benefit from the greatly advanced price that would be obtained for land sold at auction. As the event proved, the reverse of this was what happened. For reasons that have already been sufficiently indicated, the Government was able to sell large areas at auction, and during the fifteen years following the passing of the Act, 5,577,488 acres were sold by this method. The average price obtained was, however, only 21s. 8d. per acre, which was some $7\frac{1}{2}$ per cent less than the average price before the Act came into force. It must therefore be concluded that, whether the Crown lands were greatly improved or not under free selection, the Government obtained no better price for them at auction.

The great merit of the Act was that the genuine land-seeker was able to satisfy his desire to obtain a holding equal to his requirements, but this was obtained at a cost to the whole community entirely disproportionate to the benefit received. The monetary loss in the decline in the price obtained for the land sold may be passed over as not of great importance; not so the arrest of productive energy arising out of the ceaseless struggle between the squatters and the selectors, and the moral loss resulting from a law which made perjury a commonplace incident in the lives of thousands of people. Notwithstanding all this, the Act remained in force for twenty-three years. This tolerance of an Act which was admittedly damaging the general

interests of the community was due to a variety of causes. It received powerful support from the genuine free selectors, and the working class from which they were largely recruited. It provided, perhaps in a less degree, for the "independent" man, unwilling to work for wages, whom the goldfields had attracted and even produced. These classes would willingly have seen certain abuses remedied, but they feared lest any limitations should be placed on their power of free selection. On the other hand, the Crown lessees had great and legitimate objections to the Act, but they were not likely to combine with their natural enemies to secure its amendment. They were able to use the provisions of the Act, more or less honourably, in order to acquire their stations at a low price, and feared that a change in the law might restrict their ability to do this. As a rule the squatters were content to let matters remain as they were, relying upon their superior command of money, and ability to meet fraud by fraud, to defeat the free selectors who menaced their runs.

Apart from the squatters and the selectors, there were a number of unscrupulous persons who used the Act for their own purposes, and who preferred its defects to any other portions of it. This class grew in strength as the years passed, and was powerful out of all proportion to its numbers. The Act was of considerable political importance. Independent of the revenue it gave to the Government, which after 1871 was very considerable, it gave very great power to the Cabinet, especially to the Minister for Lands. It would be unjust to say that this power was often employed corruptly, but it was commonly believed that Ministers were amenable to pressure in the matter of land selection, and "land agents" found it to their interest to be members of the Legislative Assembly. The decision as to whether a conditional selector was entitled to a grant rested with the Minister in the last resort, and no matter what the facts of a case were, or the reports furnished by the departmental officers, no case could be considered lost until the Minister had given his decision; and as important

monetary interests were often involved in such decision, persons who had land business were not unnaturally disposed to put that business in the hands of land agents known or suspected to stand well with the Minister.

As distinct from the interest of the individual selectors, in having their failure to comply with provisions of the law made good by a stretch of Ministerial power, there grew up a demand from the selectors as a class that the terms of the law itself, in the matter of interest payments, should be varied in their favour. Under the original Act the selector paid one-fourth of the price of his selection in advance, and was required to make no further payments during the next three years. It was then optional for him to pay the balance due or allow it to remain as a debt to the Crown, upon which interest was to be paid at the rate of 5 per cent. This rate of interest was considerably less than would have been charged by the banks, and the selectors as a rule were in no hurry to pay their debt to the Crown, preferring that it should bear interest. The danger of allowing such an indebtedness to grow up between the State and a very numerous body of its citizens was clearly shown in the outcry, which arose during the early years of the period, for the remission of the free selectors' balances, a remission which was to be retrospective in its operation. This demand was sedulously encouraged by the parliamentary representatives of constituencies wherein free selectors were numerous, and it ultimately became the chief article of their political creed. In 1875 the system of dealing with selectors' balances was altered, and instead of being allowed to postpone indefinitely the payment of the amount due, a conditional purchaser was required to pay 1s. an acre per annum, a sum which in twenty years extinguished his indebtedness and provided for the interest, the latter being reduced to 4 per cent. The interest charged on the outstanding balances of selectors who purchased prior to 1875 was also reduced to 4 per cent, and such selectors were given the option of liquidating their obligation in the same manner as new selectors.

Apart from the defects of the Act itself, there were grave difficulties in securing its proper administration. No surveys existed of the greater part of the colony, yet a selector was entitled to set himself down on any land not belonging to some one else or included in a reserve ; he had therefore the whole colony to roam over. Sold lands he could usually avoid, though not always, but it happened not infrequently that a selector took up land, occupied and improved it, only to learn, perhaps after the lapse of a year or two, that he had selected upon a reserve, and that his money and labour were thrown away.

In the early years no special officers were appointed to see that the conditions of residence and improvement imposed on free selectors were faithfully carried out. The proof of occupation accepted was a solemn declaration by the selector himself, and the opinion of the magistrate in the district concerned ; but later, inspectors were appointed, and to them was given the duty of reporting whether a selector had or had not fulfilled the conditions entitling him to a grant. It must be admitted that some of these inspectors were venal, but, apart from this, there was not a sufficient number appointed to deal with the cases on which they were required to report. It was notorious that the conditional purchase inspectors did not succeed in suppressing the dummy selectors, or in greatly minimizing the abuse of the law. In 1875 public courts of inquiry were instituted at which evidence could be taken on oath before grants were issued, and the publicity thus given was expected to be a check on fraud ; but the result showed that it had no great effect, as the men who undertook the business of dummying were not deterred from carrying it on to the end, and the taking of a few false oaths was looked upon as a business matter of no particular consequence.

The amending Act of 1875 permitted land to be sold by auction one month after notification in the *Gazette*, instead of three months. This led at once to a great increase in auction sales, and many of the pastoral tenants of the Crown, especially those in the Riverina district, used this

method to obtain the freehold of a great part of their runs. There was no real competition at the auction sales, for the squatters did not interfere with one another, and the ordinary purchaser was rarely able to bid against the squatters, as, the sales being for cash, it was only the men supported by banks who could obtain the requisite accommodation. The upset price was £1 per acre, and it was very rarely that the actual sales went beyond it.

The rapid alienation of the public estate to enable pastoralists to consolidate their holdings, and thus keep free selectors at a distance, at last became something of a scandal, and public opinion demanded that it should cease. The Government so far conformed to public opinion as greatly to reduce auction sales, but they were not discontinued altogether, as the Treasurer needed revenue, and he was not prepared to impose direct taxation. The total sales for cash amounted in 1876 to 2,057,094 acres, and in 1877 to 2,229,498 acres; the sales fell away to 1,212,765 acres in 1878, and to 480,467 acres in 1879. From 1879 onward the auction sales were kept by the Lands Department within reasonable dimensions, in deference to public opinion, which had grown very strong against them, but the pastoralists soon found other means of obtaining their end. The Act of 1875 gave the holder of a pastoral licence the right to select 640 acres out of "every five miles square" of his holding in virtue of improvements which he undertook to carry out on the selected area. This provision was extensively used, as well as that of selection in virtue of improvements already made; but the largest additions to their runs were acquired by the squatters through the transfer of conditional purchases, made by their dummies or by professional selectors. The aggregation of land by the squatters was therefore unchecked, and genuine settlement continued to be impeded.

During 1877 many petitions were presented to Parliament asking it to deal with the question of land reform, especially urging that the terms of conditional purchase might be made easier by the abolition of the residence

condition in the case of minors, and that the sale of country land by auction should cease. These petitions probably did not influence the character of subsequent land legislation, but they directed public opinion very strongly to the necessity of an alteration in the land laws of the colony, and in 1878 J. S. Farnell, who was both Premier and Minister for Lands, proposed a scheme for radically amending the Act of 1861 ; but as a preliminary he proposed to amend the electoral law, and, this being done, to dissolve Parliament. Before the dissolution he proposed to introduce his Land Bill, which would thus be before the constituencies at the time of the election. In the event, however, the Electoral Reform Bill was lost in the Council, and it was not until the close of October 1878 that Farnell brought forward his Bill to amend and consolidate the land laws, no general election having taken place in the meantime. The Bill pleased no party and was thrown out on its second reading by a large majority, and the Government resigned.

Parkes became Premier on 20th December 1878 in a Government which included Robertson, with a seat in the Legislative Council. A Land Bill was brought forward in February 1879, which had the powerful influence of Robertson in its favour. It was passed by the Assembly, but in the Council the clause which reduced the value of improvements required to be made by conditional purchasers from £1 to 10s. per acre was amended, so as to make it apply only to purchases subsequent to the passing of the Act. The Government refused to accept the amendment and the Bill was dropped. It was, however, reintroduced in the following session, and became law on 5th May 1880, the Government acquiescing in the amendment made by the Council.

The Land Act of 1880 remained in force a very short time. Its chief effect was to increase enormously the number of conditional purchases, the applications in 1879 numbering 7540, embracing 924,130 acres, as compared with 14,220 in 1881, covering 2,329,202 acres, and about the same number and area in 1882 ; the reduction in the

value of the improvements required being, of course, the cause of this increase. Now that squatters were unable to consolidate their estates by means of auction sales, they relied mainly upon acquiring conditional selections : hence the great increase during these years. There can be no doubt that under the Act of 1880 "dummying" was carried on far more extensively than ever before in New South Wales, and investigations made later showed that in some cases the pastoralists went to the extreme of obtaining paupers from the asylums for old men to take up land on their behalf. The men selected for this purpose were on the verge of the grave, and were supported by their patrons during the short time that elapsed before they passed that verge ; the land then became the property of the pastoralists concerned, under the wills or other legal instruments that the dummies had executed when they entered into nominal possession of their selections.

In December 1881 Parkes went to England and Hoskins resigned his position as Minister for Lands, being succeeded in that office by Robertson. Parliament did not meet again until August 1882, on Parkes's return, when a further Land Bill was foreshadowed "to carry out more effectively the legitimate objects of occupation by lease and settlement by freehold." This Bill was brought in by Robertson on 19th October. It was designed to make "dummying" more difficult by increasing the term of residence on conditional purchases from five to seven years, but was lost on the second reading. Parliament was immediately dissolved and the general election which followed was fought mainly on the question of land reform. The elections proved unfavourable to the Government, and at the beginning of 1883 the Stuart Ministry was formed, with Farnell as Minister for Lands. Almost the first Act of the new Government was to appoint a Royal Commission, consisting of Morris and Ranken, two eminent authorities on land matters, to inquire into the working of the land law. Their report was ready in May and met with general approval. It proposed that the colony

should be divided into three sections : the coast or eastern districts, the purely pastoral districts in the west, and the country lying between these two areas. Each of these divisions presented very different methods of land settlement, but the two former caused no special difficulties. The Eastern division, which embraced all the old settled districts, contained an area of 26,082,000 acres and a population of half a million persons. The amount of land alienated therein was 9,076,000 acres, of which a great deal consisted of old freehold grants. "Selection," the Commissioners reported, "has shaken down alongside the old grants, without bringing monopoly or debt in its train." In the purely-pastoral division the alienation of land had been confined to about a quarter of a million acres. Practically there was no occupation except by squatters, and therefore no difficulties had arisen. But in the country lying between these two divisions there was a very different state of affairs. The area of the Central division, as it was called, was 86,019,868 acres, carrying a population of 223,560. Of this area 25,156,612 acres had been sold, 12,114,082 acres to conditional purchasers. Practically the whole of the division had been occupied in the first instance by squatters, for only 1,481,000 acres had been sold prior to the Land Act of 1861. During the ten years preceding the report the friction between the conditional purchasers and the squatters upon whose land they had selected holdings was very great, and in order to adjust, if not reconcile, the conflicting interests of the two classes, the Commissioners recommended that the squatters should receive greater security of tenure but over smaller areas, while the remainder of the land should be thrown open to conditional purchase. The report pointed out one great grievance of the genuine selector, which was that although he was entitled, under the Act of 1861, to a pre-lease or grass right over an area three times as large as his selection, the land which was included in such pre-lease was liable to sale by auction, or could be purchased with volunteer land orders. The consequence was that in very many

instances the selectors' "grass rights" were purchased by the squatters in one of these ways, and were "a thing of the past in most portions of this division, and, where maintained, are liable at any time to be absorbed or mutilated." As in most cases it was not profitable to work a selection without the grazing right, the squatters found in "absorbing or mutilating" the pre-lease an effectual way of squeezing out the selectors. The extent to which free selectors had given up their holdings was very great. The Commissioners estimated that, although 170,000 conditional purchases had been made up to the end of 1882, the actual number of resident selectors at the time was not 20,000.

The Stuart Government brought in a Bill founded upon the recommendations of the Commissioners; but although this was read a second time in the Assembly on 14th December 1883, it was not until 21st October 1884 that it became law. The Lands Act of 1884 followed the report of Morris and Ranken, and divided the colony into three parts, which were further subdivided into land districts; one or more such districts formed a local division, the administration of which was entrusted to a local Land Board, with a permanent chairman and two assessors. The squatters, who had hitherto held their runs under leases which did not exempt the land from free selection, were invited to surrender their leases and submit to the subdivision of the unalienated part of their runs into two equal portions. The one part was returned to the lessee under an indefeasible lease for a fixed term of years, viz. five years in the Eastern division, ten years in the Central, and fifteen in the Western, while the remaining portion was dealt with as will be described later. The rent payable for the leased portion of a run was to be appraised by the local Land Board, but was not to be less than one penny per acre yearly in the Eastern and Western divisions, and than three halfpence in the Central division. The squatter was authorized to occupy the unleased part of his run—which was called the resumed area—on the payment of a

licence fee to be appraised by the local Board; but the resumed area was open to be selected or otherwise disposed of during the currency of the licence, which was nominally for one year only.

The Western division was exempted from free selection except in special areas set apart for the purpose; the Crown lands throughout the rest of the colony, except where leased or reserved from sale, were open to this form of purchase. Any person above the age of sixteen was entitled to select in the Eastern division an area of from 40 to 640 acres in extent, together with a conditional lease of contiguous land up to thrice the area of the conditional purchase. A uniform price of £1 per acre was put upon all conditionally purchased land, 2s. to be paid on application, and the balance in instalments of 1s. a year with 4 per cent interest added, commencing at the end of the third year. The selector was, however, at liberty to pay up the whole of his balance when any instalment fell due. He was required to reside on his selection for five years, and within two years from the date of coming into possession to surround his land with a substantial fence, and thereafter maintain it in good condition. On the completion of his term of continuous residence a selector was entitled to purchase an additional area of from 40 to 640 acres, and also the whole of the conditional leasehold, over which, at the time, he held preferent rights. In regard to these additional purchases residence was not required, but the new area was to be fenced in the same manner as an original purchase. The conditional leasehold mentioned could be held in conjunction with a selection for a period of five years at a yearly rent of not less than 2d. per acre to be fixed by the Land Board. The only other condition attached to the lease was that the area should be fenced within two years, but one fence might enclose both the purchase and the lease. At the end of five years, should the selector not have exercised his preferent right of purchase, his conditional lease might be extended for another period of five years, when the land would revert to the Crown.

Should the land be then conditionally purchased by another person, such a one was required to pay to the original holder the value of the improvements thereon, such value being assessed by the Land Board.

The Act allowed land to be taken up free of conditions of residence, but the area of such a selection was limited to a maximum of 320 acres. The land was required to be fenced within a year after it was surveyed, and other improvements to the value of £1 an acre were to be put on it within five years. The price of a non-residential selection was fixed at £2 per acre, the deposits and instalments being also twice what was required from ordinary purchasers.

The Act also provided that special areas might be reserved from the operations of ordinary conditional purchase, and thrown open to selection with or without conditions as to residence. The maximum area of such a selection was 160 acres, and the price not less than £1 : 10s. an acre. It was intended that lands more than ordinarily valuable by reason of their situation, nature of soil, or other characteristics, should be dealt with as special areas, in order that the Crown should have the advantage of the increased price which such lands would bring.

In the Central division the Act provided that land might be purchased conditionally under the same terms as to residence, fencing, improvements, price, and mode of payment as in the Eastern division, but the area of an individual selection was fixed at 2560 acres with a corresponding increase in the area of the conditional lease, and with the same preferential right of purchase at the expiration of the first five years of the lease. The area purchasable without residence as well as the conditions in regard thereto were the same as in the Eastern division. In the Western division the Act proceeded on the assumption that for many years the inducement for agricultural settlement would be very slight, and for that reason conditional purchases, except in special areas, were forbidden; but instead thereof it was provided that homestead leases might be granted within the resumed areas or on vacant

lands. The area of a homestead lease was fixed at not less than 5760 acres or more than 10,240, and such leases were granted on application at the local Lands Office and on the payment of a deposit equivalent to 1d. per acre of the area applied for. The holder of a homestead lease was required to enter into possession within ninety days after the surveyor had marked out its boundaries; during the first five years of the lease he was required to reside thereon for at least six months in every year, and during the first two years to fence the whole area according to a prescribed design. On the expiration of fifteen years the homestead lease might again be leased as such, by auction or tender, but the outgoing tenant was not entitled to compensation for improvements. The holder of a pastoral lease was forbidden to hold a homestead lease, and no person could hold or cause to be held on his behalf more than one such lease.

Auction sales, which were a conspicuous feature of the administration of the Act of 1861, were continued under the new Act, but the area that could be sold in any one year was fixed at 200,000 acres. The upset price of land offered for auction was fixed at not less than £8 per acre for town lands, £2 : 10s. for suburban lands, and £1 for country lands, a deposit of 25 per cent of the purchase money being required at the time of sale, and the balance was made payable within three months.

These were the main provisions of the Act of 1884, but there were others, such as those dealing with scrub leases, purchases on goldfields, special sales without competition in the case of water-frontage reserves and reclaimed lands, and special leases, chiefly for cutting and removing timber from Crown lands. On the other hand, the Act abolished pre-emptive leases, improvement purchases, and the conditional purchase of mineral lands. In matters of administration radical changes were made. Under the old system the Land Office in Sydney had long been in a congested condition. It swarmed with land agents engaged in pushing on the business of their clients, by obtaining from

the Minister concessions not contemplated by law or revocations of decisions duly and properly arrived at by the administration, or by legitimately endeavouring to overcome the inertia of an overgrown department. The carrying of all litigation to Sydney had involved land purchasers in great and needless expense, and to obviate this, as well as to expedite business generally, the local Land Boards and Courts, with their staffs of surveyors, draughtsmen, and clerks, were established, the new system coming fully into operation on 1st July 1885.

The Robertson Land Act was designed to give to every person in the colony free access to the public estate, and this it certainly accomplished. During the twenty-three years it was in operation, a little over 39,000,000 acres were disposed of in one form or another—23,470,000 acres having been sold conditionally, and 15,572,000 acres by auction, improvement purchase, or otherwise without conditions as to residence or improvement. In many instances, however, the land selected or purchased reverted to the Crown, so that the actual area sold or in process of sale under the Act of 1861 was 32,819,000 acres. The providing of ready access to the land was of course merely a means to an end, the end being the “establishment of an industrious yeomanry” on the soil of the colony; and judged by this test the Robertson Act must be deemed to have greatly failed. The average number of occupiers of land, excluding the pastoral tenants of the Crown, during the first three years of the period of the operation of the Act, was 19,000, and the cultivated area of the colony about 300,000 acres; while during the last three years the occupiers numbered 40,000, and the cultivated area 720,000 acres. To afford room, therefore, for 21,000 additional settlers, 39,000,000 acres, that is to say, an area somewhat in excess of that of England and Wales, was sold by the Government, and of this large area only some 420,000 acres were given over to the plough. This indeed is a poor record, and the only compensatory feature of the progress of the colony was the great advance made

in the sheep industry, which might have advanced equally well without the sale of so vast an area.

The Land Act of 1884 remained in force with little material modification during the remaining years of this period. The only important amendments were those made in 1889, and these merely carried out the main ideas of the original Act. By the amending Act of 1889 an independent Land Court of three members was set up to hear appeals from the local Land Boards; it was provided also that the rents of pastoral leases should be determined by appraisement, and not with an arbitrary minimum, as provided in the original Act. As a concession to pastoralists in the Western division the term of their leases was extended to twenty-one years at a rental determined by assessment made for seven years, with a re-assessment every seventh year during the currency of such leases; the term of twenty-one years being susceptible of extension to twenty-eight years if the land had been improved in a satisfactory manner. This concession of an extra term of seven years was offered as a compensation for the improvements which would revert to the Crown at the expiration of the lease, as it was found that without some compensation the pastoralists would not undertake any important improvements on their holdings.

W. G. Spence in the first chapter of his *Australia's Awakening* implies that the evil of private ownership of land was the principal cause of the Labour movement. As will be seen from the account hereafter given of the formation of the Political Labour Party, this is not correct. The land question became important to the Party after it was formed, when the demand for access to the land was made in order that oppressed Labour might have an alternative to accepting work on the terms of the capitalists. While this is true, it is also true that the mass of the Labour Party were early converts to a belief in the efficacious grace of land value taxation. In all public declarations of policy issued by the Party this form of taxation finds prominent place. The idea that the Single Tax offered

the only solution of the financial and economic difficulties of the country had taken firm hold on the minds of a numerous and intelligent section of the community, yet, while land taxation became a leading principle with all classes supporting the Labour movement, the doctrine of the Single Tax was never officially adopted in any colony. For this there is an obvious explanation. The majority of the Labour Party being protectionist demanded high customs duties no matter what other taxation was imposed, while the minority was not so strongly free trade as to favour obtaining the whole Government revenue from land.

In the first platform of the New South Wales Party, issued in 1891, there was a demand "for the recognition in our legislative enactments of the natural and unalienable rights of the whole community to the land—upon which all must live and from which by labour all wealth is produced—by the taxation of that value which accrues to land from the presence and needs of the community, irrespective of improvements effected by human exertion." In a declaration, about the same date, the Progressive League of Victoria demanded that "no more Crown lands should be alienated, the land and the material therein being the common property of the people," and that there should be "a tax on land values exclusive of improvements sufficient to secure for the community the unearned increment." In the official declarations of the Labour Party in the other colonies similar statements of policy are to be found. From hundreds of platforms the principle of land value taxation was earnestly advocated, and it is no exaggeration to say that during the latter part of this period the most active elements of the political life of the country were permeated with the idea of recovering for the people the unearned increment of land values, and of proscribing further sales of the public estate.

It is difficult to explain how it came to pass that so much sincere conviction and sincere enthusiasm were so little reflected in parliamentary action. The Labour Party and the single tax element amongst the Free Traders

were a powerful body in every local Parliament, yet none of the land acts passed at this time were designed to put an end to the alienation of the public estate, much less to claim the unearned increment of lands already sold. The reform movement in New South Wales, where it was strongest, concerned itself principally with giving persons of small means ready access to the land, obtaining an adequate return from the public domain and preventing the formation of large estates. The only effort to satisfy Labour theories of land ownership was the Associated Settlements Bill, introduced in May 1893, which attempted to apply Lane's theories of communal settlement to Australian soil. The Bill, under the title of the Labour Settlements Bill, became law after a little friendly, if sceptical, discussion. The measure exercised no real influence upon land settlement in New South Wales, as will be seen from the account of its operations given in the chapter on Land and Settlement of the next period.

VICTORIA

The Lands Act of 1869 under which the public estate of Victoria was administered at the opening of this period has already been described. The provisions of the law were taken advantage of to a considerable extent from the beginning, and with the greater prosperity of the colony the area of land purchased vastly increased. The first year of the new Act (1870) saw an area of 320,719 acres selected under "conditional purchase" provisions; in 1872 the area selected exceeded 1,000,000 acres, and in 1874, 1,800,000 acres, the total for the four years 1873-76 being over 5,000,000 acres. The intention of Parliament when it passed the Act of 1869 was to secure the maximum of settlement; but the Act had not long been in operation when a suspicion arose that it was being used for a quite different purpose. The increase in the number of large estates was becoming a matter of great political importance, and at the general election of May 1877 a land tax was

advocated by both Government and Opposition. The party led by MacCulloch aimed only at a moderate tax which might be used to reduce other taxation, while the more extreme party, led by Graham Berry, desired to employ the land tax so as to penalize large landholders and lead to the breaking up of their estates. Graham Berry was returned to power and his party at once imposed a land tax upon estates valued at more than £2500. In May 1878 a Royal Commission was appointed "to inquire into and report on the permanency or otherwise of settlement on the lands of the colony." In the progress report which this Commission presented in the following October, it expressed the opinion that though some dummying had been proved to exist, the great majority of selections under the Act of 1869 were of a perfectly genuine character. It reported, however, that almost all the selectors were very deeply in debt, for most of them had taken up land without any reserve of capital to expend on the improvements necessary before the land could be used to advantage. Witnesses called by the Commission gave lurid evidence as to the condition of the selectors, helpless in the hands of money-lenders, who charged exorbitant interest on their advances, and, foreclosing on their mortgages, were thus able to obtain possession of the selectors' land. This so moved the Government that it immediately made a regulation providing that no mortgages on selectors' leases would be permitted, the effect of which was to prevent the banks and land companies financing the struggling selectors, who were consequently driven to seek monetary assistance from less reputable sources, paying much more for their accommodation. After a short trial the new regulation was modified, so as to allow the mortgaging of selections if the consent of the Lands Department were first obtained.

In 1878 an amending Land Act was passed dealing mainly with conditional purchases and following the suggestions of the Royal Commission. The preliminary period of licence was extended from three to six years, and

the subsequent period of leasehold from seven to fourteen years. At the same time the yearly payment was reduced from 2s. to 1s. per acre. In this way the period of probation, during which the improvements required by law had to be made, was doubled, and the monetary burden lightened. This change improved the position of the genuine small selector, while at the same time it made any attempt at "dummying" more difficult to carry out. The Act also absolved selectors from the necessity of residing on their land during the whole year, so that they might be able to earn money at shearing, harvest, or other work, which they were able to undertake without interfering with the proper development of their holdings. Moreover, the Act allowed non-resident selectors to take up land, by paying twice as much for it and making improvements of twice the value required from ordinary selectors. This latter concession was taken advantage of to a very slight extent. It was also provided that selectors who had already taken up land might bring themselves under the amended Act, by surrendering their leases and obtaining fresh ones. Most of the selectors, however, were so tied up with mortgages that a second amendment was necessary before they could take advantage of this concession.

In November 1878 a drought set in which lasted until April 1879. The wheat harvest was affected seriously by rust, and there was a considerable decline in the number of sheep depastured; to add to the troubles of the settlers, rabbits became so numerous as to be a grave menace to grass and standing crops. Although the rain came sufficiently early in 1879 to enable the crops to be sown and the grass to spring up, the year as a whole was one of distress for the farmer. The succeeding year was favourable to rural pursuits, but in 1881 there was a recurrence of drought, grass became scarce, and there were considerable losses of sheep and cattle. In March 1882 the drought had become so severe in many parts of the colony that the railways were used to send supplies of water to some of the towns, and in the northern and north-

western districts many of the selectors were obliged for a time to abandon their selections. In the middle of the year rain fell, and, in spite of some alarms, there was no return of the drought.

The successive droughts and the rabbit pest had caused the almost complete abandonment of a large tract of Crown land in the north-western district, known as the "mallee country." This was scrub land, which in its abandoned condition offered a most favourable breeding-ground for rabbits, and, as such, was a menace to all the neighbouring country. To deal with this state of affairs, the Mallee Land Act was passed in 1883, following very much on the lines of the South Australian Act, which dealt with a similar tract of country in that colony.

The mallee district comprised an area of about eleven and a half million acres, and was divided into two sections—one which, after clearing, was considered well adapted for wheat-growing, and a much larger area which was suitable only for pasture. The first section was to be divided into so-called allotments, the largest area of any of which was not to exceed 20,000 acres. These allotments were to be leased for terms not exceeding twenty years at an annual rental of not less than 10s. or more than 40s. per square mile. During the first three years the lessee bound himself to clear the land of all vermin, thereafter maintaining it in that condition, and cultivating a certain proportion of it. The lessee was given the right to acquire 320 acres of his leasehold under the same conditions as an ordinary selector, but no one else could purchase any of the land during the currency of the lease.

The other portion of the mallee country was designed for purely pastoral occupation, and was therefore divided into much larger "blocks." Each "block" was divided into two portions; it was open to any one to obtain a lease of either portion for a period not exceeding twenty years, provided he also accepted the other block under "licence" for a term of five years. The rental was fixed at 2d. per sheep and 1s. per head of cattle depastured for

the first five years, and at 4d. per sheep and 2s. per head of cattle for the next five years, with a further increase of rent during the remainder of the term. The lessee was obliged to clear both portions of his block of all vermin. He had no pre-emptive right of purchase, and the Government could resume any portion of the land after giving notice, compensation being awarded such lessee for the value of his improvements. A great deal of the mallee country was at once taken up under these conditions, and before the period closed the production of wheat on the mallee allotments had added considerably to the food resources of the colony. The conditions of tenure of the mallee country were varied to some extent in subsequent Acts, especially in 1890, when a large number of the blocks had reverted to the Crown and were thrown open to selection, but the principle of the Act was unchanged.

The Land Act of 1869 should have expired at the end of 1880, but it was continued until 1884, when the Act of 1878 also expired, and in that year a new Act was passed to regulate the purchase and occupation of all Crown lands except those within the mallee district. This Land Act of 1884 divided the Crown land of the colony into six classes : viz. pastoral land, of which there were then 8,300,160 acres ; agricultural and grazing land, 8,712,000 acres ; auriferous land, 961,760 acres ; lands for sale by public auction, 832,320 acres ; State forests, timber, water, and other reserves, 1,538,313 ; and swamp lands, 82,880 acres. The Governor in Council was empowered to alter the limits of these various divisions from time to time, and the land within each section was to be dealt with in the following manner.

Pastoral lands were to be divided into blocks containing from 2000 to 4000 acres, and were to be offered for lease for a period of fourteen years. The carrying capacity of the land was to be estimated, and the rent fixed on the basis of 1s. per head of sheep and 5s. for each head of large stock that the land could carry. The lessee was given the right to purchase an area of 320 acres within his leasehold, on the same terms as ordinary selectors of Crown lands ;

otherwise the land was barred from selection. Where there were several applicants for the same land, the lease was to be offered at auction and assigned to the bidder of the highest premium. If, however, no offer was made for a block, the land could be let on yearly licence, as provided for in the Act of 1869.

The agricultural and grazing areas were to be divided into blocks of 1000 acres, and these were to be offered on lease for fourteen years at rentals varying from 2d. to 4d. per acre. At the end of the lease the land, with all its improvements, reverted to the Crown ; the improvements were to be valued and paid for, but no payment was to come to more than 10s. an acre. The holder of a grazing lease, provided he had not already made a selection of land, was given the privilege of purchasing 320 acres of his land, paying 1s. a year for twenty years ; but he was required to fulfil the conditions as to occupation and improvements demanded by the law of 1878. The selection of agricultural allotments was thus limited to persons who took up leases of grazing areas, but this arrangement was altered in 1890.

Auriferous lands in general could not be sold or leased, although the granting of cultivation leases and leases of residence blocks was permitted ; but these blocks were not to contain more than 20 acres.

The lands set aside for auction were to be offered at a minimum price of not less than £1 per acre, and the total area to be sold in any one year was not to exceed 100,000 acres. Hitherto all sales at auction were for cash, but the Act of 1884 required a purchaser to pay one-fourth of the price at the time of sale ; the rest of the purchase money might be spread over a period of three years in equal quarterly instalments. But as interest was charged on the unpaid balance at the rate of 6 per cent per annum, not much advantage was taken of this concession.

The Act came into force at the end of 1884, and next year nearly 4800 selections were approved ; but application for many of these had been made before the Act came into force ; in 1886 there were 1190 applications approved,

and in 1887 only 201. The Act was not a success for promoting either grazing or agriculture, and a short experience of its working showed that it needed various vital amendments. During the first five years of its operation it was altered several times. In 1890 an Act was passed consolidating all the Land Acts then existing, including that dealing with the mallee country, and in 1891 a further amending Act was passed.

Pastoral blocks had not been readily taken up under the Act of 1884, as the area of the blocks was too small to admit of their being profitably employed, and the bulk of the land remained under yearly licence. The amending Act recognized this and increased the size of the "pastoral allotments," the minimum being raised to 7500 acres and the maximum to 40,000 acres. Another important change was the permission extended to selectors, who were allowed to take up agricultural allotments not exceeding 320 acres in area, without first taking up a grazing licence. In consequence of this alteration the number of approved selectors in 1893 was much greater than it had been in any year since 1886.

QUEENSLAND

During the twenty years embraced in this period the Queensland Parliament was almost continuously engaged in wrestling with the land question, and six different measures were passed by Parliament dealing with its various phases. The Land Act of 1868 had not long been in operation when it was discovered that it would do little to promote the settlement of small farmers, which was one of the main objects aimed at by its authors. In 1872 another effort was made by Parliament to secure this class of settlement, and took shape in the Homestead Areas Act. This measure provided that a block not exceeding 80 acres of agricultural land and 160 acres of pastoral land might be selected on lease for five years, at an annual rental of 9d. per acre for agricultural and 6d. per acre for pastoral land; continuous residence, payment of the stipulated rent, fencing

of the block, and the cultivation of one-tenth of the area entitled the lessee at the end of the five-year period to a grant of the land in fee simple. The privilege of taking up a homestead allotment could be exercised once only.

In 1876 two Land Acts were passed. The first of these dealt with the sale of Crown lands. It abolished the system, set up by the Act of 1868, of the classification of land as agricultural or pastoral, and gave the Governor in Council the power to determine the quantity of land that might be selected in any particular district, and the price at which such land might be sold. The maximum area of a selection was fixed at 5120 acres and the minimum at 40 acres, while the lowest price at which land could be sold was fixed at 5s. per acre. Land so selected was to be paid for in ten annual instalments; improvements were to be made equal to the value of the land up to a maximum of 10s. per acre, and the purchaser was required to reside continuously upon his selection. The fulfilment of these conditions of payment, improvement, and residence entitled the selector to a grant in fee simple. The Act of 1872 in regard to homestead areas had not brought the rush of applications expected, and the opportunity offered by the introduction of the amending legislation of 1876 was taken advantage of to improve the Homestead Act. The area which might be selected was raised in all cases to 160 acres, and the rent was reduced to 6d. per acre, but in addition to five years' residence purchasers of these blocks were required to make improvements to the value of 10s. per acre.

The second Land Act of 1876 dealt with the pastoral holdings within the settled districts. The ten-year leases, under which these were held, would all expire during 1878, and the new Act provided that the holdings should be exposed to auction for a further period of five years, at an upset rental of £2 per square mile, six months' grace being allowed to the old tenant should he be dispossessed. No steps, however, were taken by the Government to give effect to this Act until April 1879. The pastoralists were, and had been for some time, suffering acutely from a drought,

so that the Government was anxious they should not be put to undue competition in securing a renewal of their leases, or exposed to blackmail, as they might be if each lease were offered for sale as it fell in. The whole of the holdings were therefore offered simultaneously on 17th April 1879, and with them was offered the land which had been resumed from the runs under the Act of 1868 but not sold. In regard to the land last referred to, it was provided that, although included in the new leases, it might be resumed again if required. The sales were held at the Land Offices of the districts concerned. Pastoral leases were not at the time a tempting form of investment in Queensland, where, mainly owing to drought, the sheep depastured had fallen in number from nine millions in 1868 to five and a half in 1878. In every case where the lease of a holding was sold it was secured by the old tenant, but in many cases there was no bid for the holding and it was abandoned. In only three instances was the upset price of £2 per square mile exceeded, and the maximum price offered for any holding was £3 : 1s.

The seasons after 1879 were on the whole favourable to the pastoral industry ; the numbers of cattle and sheep rapidly increased, and the holdings could easily have yielded more rent than was being paid. The Government had now, however, reached the conclusion that security of tenure was a prime necessity for the progress and prosperity of the pastoral industry ; the design of selling the leases by auction was abandoned, and their tenure in the settled districts was extended for ten years, at rents to be fixed by appraisement for two periods of five years.

The selection of land went on fairly well under the Act of 1876, increasing year by year until 1880. During that year sugar rose to an exceptional price, and this drew attention to the value and cheapness of the Queensland sugar lands. These were of marvellous fertility, and admirably adapted to the growth of sugar, tobacco, cotton, and other valuable semi-tropical products ; and the selections made of them during the first six months of 1881 were

so many and so extensive that the Government came to the conclusion that they were being disposed of too cheaply. The selection of the sugar lands was therefore suspended until they could be reclassified and new conditions of sale drafted. The price of land of the first quality was raised from 5s. to 15s. per acre, and the maximum area that could be selected was reduced from 5120 to 1280 acres ; the price of land of the second, third, or fourth class ranged from 15s. to 5s. per acre, the other conditions of sale remaining unaltered. The reclassified lands were thrown open for selection on 19th October 1881 ; between that date and the end of March 1882, some 240,000 acres of sugar lands were sold, and sales continued at this rate until all the best lands were selected.

The extremely easy terms upon which land suitable for the growth of cane could be obtained led in many instances to the acquisition of areas very much larger than the purchasers could plant or work ; this will be seen from the fact that the area under this crop increased only from 20,224 acres in 1880 to 47,898 in 1883. The land was not used for any other purpose, and the excessive areas taken up greatly increased the difficulties of transport which were so serious a drawback in many places ; as was soon discovered also, the money laid out by the planters on unutilized land was, from the point of view of their industry, wasted capital, and a heavy load upon their enterprise. The rush for sugar lands was not confined to Queensland colonists. The possibilities of the industry appealed to investors in Victoria and New South Wales also ; several companies were formed in these colonies for sugar planting in Queensland, and the falling off in the demand for Queensland land, which happened in 1883, though accentuated by the uncertainty felt as to the future supply of cheap coloured labour, was immediately due to the absence of demand from the southern colonies.

Between the passing of the Land Act of 1868 and the close of the year 1884, the area of land alienated amounted to 6,300,000 acres, and of this new land about 120,000 acres

had been brought under crop. In any circumstances this was poor progress. Still, it was a matter of general knowledge that much of the land had been selected by "dummies," so that the Legislature had been defeated in its intention of establishing a numerous body of small landowners. Popular opinion viewed the matter with almost entire indifference, and the legislation that ensued embodied the personal ideas of the Government, and proceeded from the principle that increments in land values were due to the people and should benefit the people. The Bill introduced by the Griffith Government in 1884 was a comprehensive measure. It removed the administration of the public lands from political control and placed it in the hands of a Board of two, appointed for life or during good behaviour, with an appeal, in certain cases, from its decisions to the Supreme Court, otherwise its authority was final. The Act repealed all legislation governing the alienation of land or applicable to leases in the settled districts. The provisions of the Pastoral Leases Act of 1869 were to remain in force, except in such parts of the unsettled districts as were scheduled; but the pre-emptive right which that Act bestowed upon lessees was withdrawn within the settled districts and the scheduled areas of the unsettled districts, which between them included about one-half of the lands of the colony; pastoral leases as they fell in were to be divided into two parts, the one part was to be returned to the holder on a fresh lease, while the other was to be retained by the Crown, surveyed and thrown open for settlement. Within the settled districts the new leases were to be for ten years; in the unsettled districts a term of fifteen years was granted, but this was extended to twenty-one years by an amending Act in 1886, with the proviso that after the lapse of fifteen years any part of the run, except the head station, might be resumed without compensation.

Lessees were permitted to bring themselves under the Act before the actual expiry of their leases, and most of them found it to their advantage to do so. The rents for the new leases in the settled districts were fixed by the Act

at £2 per square mile for the first five years; rents for leases in the unsettled districts were to be fixed by the Board with a minimum of 10s. and a maximum of £4 : 10s. per square mile. After the lapse of five years all rents were subject to re-appraisement by the Board.

Crown lands not subject to pastoral lease were to be classified as town, suburban, and country lands. Town and suburban lands were to be offered at auction, with an upset price determined by the Board. The disposal of country lands was the most novel part of the new Act. These lands were to be divided into areas suitable for agriculture or for grazing, and a description of these areas was to be gazetted by the Board, when they would be open for public selection. Any qualified person might select agricultural land to the extent of 960 acres, or a grazing area of 20,000 acres. For two years the selector was to be in the position of licensee or privileged occupier, and was required to pay rent at the rate of 3d. per acre for agricultural land and $\frac{3}{4}$ d. per acre for grazing land; and he was required during this period of "licence" to enclose the land with a good fence. After the lapse of two years the selector was entitled to have issued to him a lease for fifty years in the case of an agricultural and for thirty years in the case of a pastoral selection. During the period of the lease, continuous *bona fide* residence was required either by the selector or by his registered agent, but a lease might be sold or transferred, when the obligation of residence would be taken over by the purchaser or transferee. The rent first determined by the Board remained fixed for ten years, but was liable to be reviewed and increased at the expiration of that period, and thereafter at intervals of five years. Provision was not made for the acquisition of the freehold of grazing selections, but in the case of agricultural selections the selector might purchase after ten years' occupation, either at the price at which the land had been proclaimed by the Board, or, if more than twelve years had elapsed, at the price fixed for it at the last valuation.

It will be seen that the principle of the inalienable

right of the people to all unearned increments of land values was departed from absolutely in the case of the sale of town lands, and relatively in the case of agricultural lands, but even with these defects the measure was welcomed by the believers in the theories of Henry George, already a numerous and growing body in Queensland. The new Act came into operation on 1st March 1885 ; this did not give time for the division of the runs necessary before the land could be classified and made available for selection. During the first six months after the Act came into force, the great majority of the run-holders brought their leases under the Act, and thus enabled special officers, appointed for the purpose, to set to work on the division of the runs. The process of division was long and tedious, and this, coupled with the severe drought, which had reduced most of the country to a desert, combined to make the selection clauses of the Act almost inoperative during 1885 and the early part of the following year. The land revenue would therefore have almost disappeared had not the Government offered at auction large quantities of town and suburban lands, which readily found purchasers, and more than made up for the deficiency in the revenue from other land sources.

The Act of 1884 repealed the Homestead Areas Act of 1872, but the requirements of persons who were specially served by that Act were not overlooked by Parliament. The new Act provided that in the case of agricultural selections not exceeding 160 acres, where the selector had not already acquired a homestead, he might within seven years of the commencement of his lease acquire the fee simple of his holding by the payment of such a sum as, with the rent already paid, would make up 2s. 6d. per acre. But the grant in fee simple was contingent on the selector having resided upon his land for five years continuously and made permanent improvements thereon to the value of 10s. per acre. By a later amendment, the maximum area of an agricultural homestead selection might range between 160 and 640 acres, according to the quality of

the land, and grazing homesteads were permitted up to a maximum area of 1280 acres.

The Act of 1884 aimed at introducing two fundamental changes in the land-holding system of Queensland : the dispossessing of the large squatter, who was very often an absentee, and the establishing in his place of the small grazing farmer under the obligation to reside on his leasehold ; and the substitution of a long leasehold for a freehold of agricultural lands. The first of these changes was received with general approval even before events proved its value, but as regards the second change it was realized very soon that, whatever views a certain school of politicians might hold on the non-alienation of the national estate, the persons who had settled or were desirous of settling on the public estate would not be content with a leasehold tenure. This was so strongly realized by the Government which passed the original Act that it lost no time in persuading Parliament to agree to an amendment of the law, by which all selections of agricultural lands under the Act of 1884 were turned into conditional purchases, the rent which would be paid during the first ten years of the lease being credited to the selector as part payment of the purchase money. By the same Act (1886) the Government obtained authority to offer blocks of land not exceeding 40 acres in area, at an upset price of £1 per acre. The amending Act also dealt with pastoral leases, and fixed the maximum to which the rent of such leases could be raised, at the five-yearly re-appraisement, at 50 per cent on the previous assessment. It gave pastoral lessees the right to compensation for improvements made on the resumed portions of their runs, when these were selected ; the basis of such compensation being the actual value of the improvements to the selector.

The Act revived in a measure the land-order system, by providing that each adult coming to the colony, at his own charge, should be entitled to receive a land order of the nominal value of £20. These orders were made available for the purchase of land and the payment of rent

of selections, but their sale was absolutely forbidden, and although a large number of orders were issued very few of them were used. The immigrants who came to the colony at their own expense were evidently not land settlers.

At the time the Griffith Government was dealing with the land question there were many proposals abroad for ameliorating the condition of the worker, and there was none amongst these in greater favour than the establishment of village settlements. Every writer on social economics saw manifest advantages in giving workers the amenities of social life which the village could offer, joined to the healthful labour of the farm or forest. This sentimental aspect of village settlements had doubtless weight in some quarters, but the consideration which most affected the leaders of the unions was that so long as labour was without free access to the land it would remain in the bondage of capital ; but where it was free either to accept wage work from a master, or turn to the cultivation of the land, without the intervention of an employer, labour would meet capital on equal terms in any discussion affecting conditions of employment, and dictate the terms of its co-operation. With such arguments the advocates of village settlements commended them to the favourable notice of the unions ; and when later on the Griffith Government decided to incorporate in the Land Bill of 1886 a provision for the establishment of village settlements, this step was hailed as a concession to labour opinion and in the direction of the proper utilization of the public estate. It was provided that in certain districts which were considered suitable the land should be divided into farms of 80 acres, and that to each farm there should belong a village allotment. The farms could be purchased on the same terms as the homestead selections, and residence in the village was to be regarded as residence on the farm, while one-fifth of the money, required to be spent on improvements, could be expended on the village allotment. The provisions of the Act in regard to village settlements were brought into operation in 1888, and seventeen places

were thrown open for selection during that year, and eleven others in 1889. After four years about twenty of the selected places had attracted selectors to the number of 323, occupying an area of 25,840 acres ; but the great majority of the selectors preferred to reside on their farms, and only twenty-five of them made their homes in the villages. An Act passed in 1891 allowed selectors in village settlements to co-operate in the matter of occupation and improvements, one settler being allowed to occupy two allotments, and improvements in value exceeding 10s. per acre upon one allotment could be reckoned towards the value of those required on the other allotment. Public opinion looked very favourably upon the formation of village settlements, and the Government was wishful that they should prosper, but the general selector was not in the least attracted, and these settlements therefore could not claim even the most moderate success.

Another amendment of the Act of 1884 was passed in 1891 introducing the important innovation of unconditional selection, that is, of selection dependent merely on the payment of rent, and not upon either residence or improvement. Country land in blocks, not exceeding 1280 acres in area, might be declared open to this form of selection, and could be secured by the payment of their proclaimed value, which was not to be less than 13s. 4d. per acre ; the payment was to be made in twenty equal annual instalments. The introduction of unconditional selection was designed to destroy one of the most obvious and legitimate causes of dummy selection, but as the price demanded for land acquired in this way was higher by one-third than that of other selections, very little use was made of this method of alienation.

In 1891 also the "Special Sales of Land Act" was passed, which provided that certain lands not less than twenty miles distant from a railway or from navigable water might be offered at auction in blocks of not less than 5120 acres at a minimum price of 10s. per acre, with payments extending over three years. There was no change

in the opinion of Parliament or of the Government as to the best method of settling country lands, or as to the objections to the auction system. The Act was a temporary expedient for enabling the Government to raise money to provide for the payment of interest and the repayment of the principal of an issue of Treasury bills amounting to £1,420,945. The sales of land under the Act were successful enough, but the exigencies of the Treasury led to the money obtained being used for other purposes, and the Treasury bills were repaid out of the proceeds of a loan placed in London.

The Griffith Land Act of 1884 was, as we have seen, radically amended in 1886 before it could come into operation. As amended it offered extremely liberal terms to settlers under very varied conditions of tenure. The drought which began in 1884 did not break up until September 1886, and was followed by such heavy and continuous rain that no agricultural work could be done so that many selectors were obliged to give up their holdings; nevertheless 460,000 acres of land were selected during the year. The following season proved to be excellent and 759,343 acres of land were selected, an area greater than in any previous year, 1882 alone excepted. The demand for land scarcely slackened during subsequent years, continuing until the bank crisis introduced new conditions and restricted the capacity of the financial institutions to assist settlers to acquire their holdings. From this demand the element of speculation was almost entirely absent, the enormous increase in stock depastured amply justifying, and even necessitating, the purchases of land that were made. The drought of 1885 saw the live-stock of the colony reduced to 260,207 horses, 4,162,652 cattle, and 8,994,322 sheep; with the passing away of the drought the increase of stock was enormous. In 1892 the enumeration was 422,769 horses, 6,591,416 cattle, and 21,708,310 sheep, which, according to the ordinary mode of reckoning, would require about twice the grazing facilities of 1885.

SOUTH AUSTRALIA

The Land Act of 1872 was so comprehensive in its scope that it might have been considered the final word on land legislation in the Province, but it had hardly been assented to when suggestions for its improvement were put forward.

So far as land leased for pastoral purposes was concerned, the Act of 1872 continued in force, with some unimportant changes, until 1877, when an amending and consolidating Act was passed, which gave lessees certain concessions, amongst them a year's notice in case of resumption, in consideration of their fencing their runs and improving their watering capacity. In 1878 the Legislature was again engaged in dealing with pastoral lands. The Act of that year distinguished between lands near the margins of settlement and those in the interior; in the former class the land, as the leases fell in, was to be withdrawn from pastoral occupation and divided into blocks suitable for mixed farming and grazing. The underlying principle of this and of subsequent Acts was to make pastoral occupation a preparation for farming, the legislators being of opinion that, however excellent pastoral pursuits were, the future of the Province depended upon its farmers, and that pastoral interests must on all occasions be made secondary to husbandry. The effect of recent legislation had indeed seemed to justify this view of settlement. The taking up of land for the purposes of agriculture had been extraordinarily rapid; to meet the demand pastoral holdings had been resumed in a wholesale fashion, and the surveyors were hard pressed to subdivide them into settlement holdings.

The Government was nevertheless desirous of encouraging pastoralists to continue in occupation of lands not required immediately for farming, and to improve their holdings, as an important preparation for their subsequent resumption and division amongst small occupiers. This function in the economic development of the Province was naturally one which the pastoralists did not altogether

appreciate. From 1875 to 1880 their industry had been entirely stationary. It is true there had been bad seasons, but there was a general agreement amongst experts that the backward condition of the pastoral industry was largely due to the lack of security of tenure, without which the improvements which might tend to mitigate the effects of the droughts would not be made. One Government after another, recognizing this, had been desirous of applying a remedy without interfering with the spread of agriculture, and at length the Colton Government passed the Pastoral Lands Act of 1884, which its authors anticipated would secure this result. Jenkin Coles, who was Minister of Lands at the time, described the legislation of his Government as embodying "nearly the whole of the suggestions made by the pastoral lessees." The Act divided the pastoral lands of the Province into three classes. Class I. comprised land held under leases expiring in 1888. This class contained, generally speaking, the best and the most accessible of the Crown lands ; the Act provided that, as the leases expired, the land should be cut up into blocks of convenient size, and the lease of these blocks for twenty-one years should be offered at auction, an upset annual rent being placed on each block, but the Government reserved to itself the right of resuming the land at any time. The underlying idea was to establish, on the outskirts of the agricultural settlements, pastoral holdings of a size which would render the improvements effected on them particularly valuable to incoming farming tenants should the land be resumed. Class II. consisted of all lands already let for pastoral purposes, the leases of which extended beyond 1888. As these lands became available they were to be put up to auction on lease for twenty-one years, a reserved rent being placed on each holding. Class III. included all other lands available for settlement but not yet leased. These lands were also to be offered at auction on lease for thirty-five years, the upset rent for the first fourteen years being 2s. 6d. per square mile ; the rent for each subsequent seven years was to be determined by

valuation at the beginning of such period. Lessees of Class III. were required to make improvements on their holdings, of a kind approved by the Lands Department, and to a certain value, but no requirement of the kind was made in regard to other leases. At the expiry of a lease in any class, the Government undertook to pay the owner the full value of the improvements effected during the lease, and as regards lands in Classes I. and II., if these were resumed before the expiry of the term of the lease, compensation for disturbance, as well as for improvements, would be granted. The Act of 1884 sought to encourage the improvement of the pastoral lands of the Province, with the threefold purpose of mitigating the effects of the frequently recurring droughts, of increasing and steadyng the demand for labour, and of preparing the land ultimately for closer settlement.

The pastoralists undoubtedly had a greater sense of security than under previous legislation, and the framers of the Act hoped that by its aid the grazing industry would be revivified, but it was passed at a time of drought and when the financial condition of the Province was very unsatisfactory. Neither the banks nor the purely pastoral finance companies were disposed to make advances to pastoralists, and without such advances improvements on the holdings could not, in most cases, be carried out. In spite, therefore, of the liberal provisions of the law, there was no change for the better in the industry, and between 1884 and 1889 there was an actual decline in the numbers of stock depastured.

As the year 1888 approached the Government began to consider the question of the compensation to be paid for improvements effected on the leases falling in during that year, and an Act was passed setting out that the actual cost of such improvements should be the basis of compensation. Although a comprehensive Lands Act had been passed in 1884, Parliament was again dealing with the pastoral leases in 1888, and repealing the Act of 1877 and its amendments. The legislation of that year practically

retained the classification of pastoral lands established by the Act of 1884, but required the incoming lessee of lands in Class I. to make a deposit equal to 10 per cent of the value of improvements within his lease, and to keep such improvements in good order; in the event of his doing so, the deposit would be returned at the end of his term. The lessee was invited to make improvements increasing the water-carrying capacity of his holding, which would be paid for when he surrendered his lease; as to other improvements the Act was silent.

The improvements on the lands belonging to Class I. were valued at £430,000, and this sum was paid to the lessees at the expiry of their tenancy in December 1888; as an act of grace six months' extension of the leases was also given. The land comprised in this class was situated for the most part to the north and north-east of Adelaide, and covered an area of about 21,000 square miles. It was subdivided into blocks ranging in size from 8 square miles to 539 square miles, and the whole was offered at auction in December 1888, the upset annual rentals being fixed at an average of £1 : 6s. per square mile. There was not such a keen competition for the land as was expected, but the leases of about 18,000 square miles were sold at an average rental of £1 : 18s. per square mile. The unsold portion was again offered in February 1889, and about 400 square miles were disposed of at an annual rental of £1 : 3 : 10 per square mile. Much higher rates than these had been anticipated, but in reality the rents obtained were much too high, and, as will be seen, they had subsequently to be substantially reduced in order to retain the lessees in occupation.

At the beginning of 1889 the severe drought, which had intermittently afflicted the Province since 1884, broke up, and there was heavy rain over the whole country, to the great benefit of the pastoral industry.

When Parliament passed the Act of 1884 it undertook to pay for all improvements effected by the occupiers on the leased lands of the Province. The payments required to

be made to the 1888 leaseholders brought home the fact that the liability thus undertaken was very considerable, and an official estimate was made placing the amount at £2,500,000. This estimate was evidently based on the assumption that the improvements would equal £20 per square mile, which was obviously in excess of the truth; but in any case the liability was very great, both in proportion to the resources of the Province and also to the subsequent rent obtained for these improvements. Following along the quaint ideas of public finance then prevalent in Australia, the revenue from the land, both in its unimproved and improved state, was taken as ordinary revenue, no sinking fund being provided for the payments to be made to the occupiers for their improvements, which were met out of loan funds. When the 1888 leases fell in, the money to pay for the improvements was borrowed in London, but, like much other money obtained between 1888 and 1891, it was acquired with difficulty. This led the Government to look on its liabilities in prospect with less equanimity, and to be desirous of shifting the responsibility for improvements from the shoulders of the State.

In 1890 the Cockburn Government brought in a Bill providing for the setting up of a Pastoral Board, to determine the price at which, in the case of subsequent leases, the improvements should be purchased by the incoming lessee. It also provided that pastoral tenants, who had the right of payment for improvements, might surrender their leases and receive in their place new leases without right of compensation, at rents determined by the Board as an equivalent for this surrender. The same Act increased the term of the leases in Class III. from thirty-five years to forty-two, and withdrew the right of compensation for improvements except when the land was resumed. This Act was based on the naïve assumption that the lessees would not see where their interests lay. A few tenants who had spent little on their holdings gave them up without looking for compensation, and obtained fresh leases from the Board; but the others, as their terms

expired, took their compensation, and, so far as most of them were concerned, the money passed at once to the banks and mortgage companies, to whom they were indebted. The old lessees showed no disposition to take up their holdings again on the old terms, nor was the Government able to find others willing to fill their places. It seemed therefore likely that the original lessees, having had their compensation, would regain their holdings at a reduced rental. This was the position of pastoral tenure in South Australia when the crisis of 1893 fell upon the country.

The impetus given to agricultural settlement at the close of the last period by the Lands Acts of 1869 and 1872 was increased by the fine harvests of 1872 and the following years. Tempted by the good seasons and the great demand for land the Government threw open to farmers the whole Province as far as the 26th parallel, instead of restricting them to the area within Goyder's rainfall line, which was nearly six degrees farther south, as it was no longer considered true that cultivation could not be profitably carried on outside that line. This important change made by politicians, in the face of expert advice, had ultimately very disastrous consequences.

The extension of the agricultural area was made by a special Act of Parliament which was one of many amending Acts passed at this time. The Land Laws had become so intricate by amendments upon amendments that in 1877 the Colton Government introduced a Bill to repeal the thirty-three Acts then in existence, consolidate many of their provisions, and make some further changes in the administration of the Crown lands of the Province. The chief change made related to the maximum area of selections. The Government proposed to double that area, thus making it 1280 acres; but Parliament declined to go so far, and fixed it at 1000 acres.

The Act introduced novel provisions in regard to the procedure to be followed at auctions for the sale of land. Bidding, in the first instance, was confined to persons who

declared their intention of residing on the land purchased, and when these were satisfied the bidding was thrown open to others. The right of choice was first put up for auction at the upset price of £1 an acre ; the highest bidder was entitled to make his selection of the land offered, but his choice was restricted to land forming one block ; the second choice was given to the next highest bidder, and then to others in succession.

Under the superseded Acts, selectors had been required to pay 10 per cent of the purchase money at once. This was accounted as interest on that sum for three years. At the end of that time a second 10 per cent was payable, as interest in advance, for the next three years ; and at the expiration of this second period the selector could complete his purchase. Under the Act of 1877 a selector residing on his holding was allowed to make payment in full at the end of five years ; but if non-resident, 25 per cent of the purchase price was required to be paid in advance, 10 per cent of the balance at the end of the sixth year, and at the end of the ninth year he was at liberty to complete the purchase.

South Australia had the same experience as the other colonies, in regard to the aggregation of large freehold estates, owing to the transfer of land by professional selectors, and these changes in the system of auction and in the payment of the purchase-money had for their object the encouragement of the resident selector. But these transfers were not by any means confined to non-resident selectors ; it was the situation of the land, rather than the class of selector, that determined its transfer. The process of the formation of large estates in South Australia was a distinct economic loss to the country. In most cases the selectors farmed their land, but on its transfer to a large holder the land went out of cultivation. This of itself was an evil, but as the Province did not possess very large areas of accessible land adapted to agriculture, with each transfer the selectors were compelled to go farther from their markets, and to land inferior in quality to that of which

they had dispossessed themselves. The natural result of this process was a steady increase in the area of land under cultivation and a continuous decline in the return per acre.

The result of this diffusion and waste of effort was seen in 1876, 1877, and 1878, when in some districts the harvests were very poor, and the small farmers and selectors suffered great hardships ; but it was still more apparent in 1879, when the weather conditions were excellent. There was a good aggregate return of cereal crops ; nevertheless many districts did badly, and it was at last realized that selectors of the farming class had thrust themselves into districts where profitable farming was not possible.

Parliament was in a sense responsible for what had happened, by allowing selection to be extended beyond Goyder's line, and readily consented to grant relief. The first settlers to obtain help from Parliament, strange to say, had taken up land in ignorance that it was liable to inundation, and in 1880 an Act was passed enabling these selectors to surrender their agreements and receive back the money they had paid. In 1882 a more numerous body was dealt with—the selectors who had suffered severely from drought. These were given the alternatives of a remission of the arrears of their payments or the surrender of their holdings. Where the latter alternative was adopted, the surrendered land was offered at auction, and if not purchased by the original holder, the new selector was required to pay him three-quarters of the value of the improvements which he had effected. There was thus a strong inducement for persons holding land within the region where cultivation was possible to surrender their holdings, in the expectation of being able to buy them back again at a greatly reduced price. As it happened, most of the land offered was purchased by the selectors who had surrendered it, often without opposition and always at a great reduction on the original price. Men who had purchased land at £5 or even £8 now obtained it for little more than £1 per acre. Shortly after the Act came into operation 382 surrenders were made. The land comprised

in these surrenders had originally been sold for £565,719, and at the resale the price obtained was £211,518. The result was therefore a very substantial loss to the State, but it was generally conceded that the original price was excessive, and that better land could be obtained in New South Wales or Queensland for less than was paid even at the second auction.

The Government did not escape the charge of unwisdom in dealing with the selectors, and of having allowed many to surrender their holdings who could have maintained their original agreements. When Parliament met in June 1883 a vote of censure on the Government was moved for its administration of the Act of 1882, which had "permitted wealthy persons to surrender and reselect land at less than its value." The motion was negatived without a division, and the Government went still further and obtained from Parliament authority to allow all selectors, residing on their selections, to take advantage of the Act of 1882. A large number did so, and when the operation of the Act was reviewed a few years later, it was found that agreements relating to 628,776 acres had been surrendered, representing an original purchase price of £1,493,956. An area of 557,979 acres was reselected almost entirely by the original owners at a purchase price of £707,784, allowing for the sums paid before surrender, which were returned to the original selectors.

The harvests of 1883 and 1884 were good, but they were followed by a succession of bad harvests which for a time put an end to the demand for land; the survey of new lands, which had been carried on with great despatch, was suspended, and many of the runs, that had been resumed for the purpose of sale, were restored to the original lessees on a yearly tenancy.

In spite of the good season, there was a serious depression during 1884, accompanied by much unemployment. G. W. Cotton, who was the first representative of labour in the Legislative Council, very strongly urged that this might be mitigated, if not removed, by giving workmen access to

the land, and in 1885 an Act was passed for the creation of working-men's blocks. The Act proved a signal success. The Commissioner of Lands was empowered to divide suitable pieces of land, wherever such existed, into areas not exceeding 20 acres, and to lease them to any person who had attained the age of eighteen years and who gained his livelihood by his own labour. These leases were for twenty years, with the right of renewal for a further similar period, and were to be disposed of at auction ; and, as the main intention of the Act was to provide a man with land enough to occupy his spare time, in proximity to the place where he worked, he or his family was required to live on the block on pain of forfeiture.

The scheme of working-men's blocks at once became popular and all the land offered was eagerly taken up. In 1886 the blockers were given the right to purchase their land, at any time after the expiry of six years from the date of the commencement of their lease, unless the land chanced to be situated within ten miles of the Adelaide General Post Office. On 1st June 1890 there were in occupation 1544 blocks containing about 24,731 acres, yielding an annual rental to the Crown of £2208. In some places, especially in the vicinity of Adelaide, the blocks were used for the intensive cultivation of vegetables and fruit, and so provided a family with its sole occupation ; but in most cases the blocks were used according to the original intention of the Act, and gave employment to the owner when unable to find work at his trade.

There had been so many changes in the law since Colton's Consolidation Act of 1877 that another Consolidation Act became desirable, and this was passed in 1886, but in 1888 another Act was passed repealing previous legislation and materially altering the land system of the Province. The new Act divided the country into districts with a Land Board for each district. The sale of selections by auction was abolished, as it was believed that prices were often driven up beyond the value of the land and that the arrears in selectors' payments, which were a source of

continual trouble, were directly due to this cause. The system of conditional sales was also abolished.

To the Land Boards was entrusted the duty of classifying the country land in their districts, which was within Hundreds, and also certain other land, particularly that included in the leases expiring in 1888. They were to divide these lands into suitable blocks and fix the price at which they might be leased, either with the right of purchase or on perpetual lease. They were also to fix the price at which the land could be purchased by the lessee, subject to a fixed minimum of 3s. per acre. Persons desirous of obtaining land made application to the Commissioner, specifying the land they wished to secure; these applications were referred to the Land Board concerned, which decided as to their acceptance or otherwise, the Board having authority to divide or alter the boundaries of any block applied for. Leases with right of purchase might be granted for a term of twenty-one years, with a renewal for a further period of twenty-one years if required, and the right of purchase could be exercised at any time after the lapse of six years, at a price fixed by the Land Board. Perpetual leases could also be obtained at a rent fixed by the Land Board at the beginning of the lease, but subject to review at the end of every term of fourteen years.

During the first five years of occupation a lessee was required to fence his land, and thenceforward to keep the fences in repair. He was also required to maintain the improvements on the land, which were the property of the Crown, free the land from vermin and keep it free, a duty which had been very much neglected, with disastrous results.

Selectors under previous Acts were given a period of one year within which they could, if they so desired, bring themselves under the Act of 1888, and those who took advantage of this permission were freed from the obligation to cultivate a certain portion of the land, imposed by previous legislation. The Act permitted the sale by

auction of special areas of country land, such as were surrounded or almost surrounded by sold lands, and also lands within Hundreds which had been offered for lease for two years and had not been taken up; in the latter case an upset price was to be fixed which was not to be less than 5s. per acre. The sale of town and suburban land remained as before, exclusively by auction.

In spite of the enormous area of the Province, land suitable for agriculture and remaining in the hands of the Crown was becoming very scarce, and in 1891 an Act was passed, providing that the Government might repurchase land of this kind from private owners, in order to offer it to agricultural lessees. The Act did not authorize compulsory sales, and was consequently infrequently used, as owners generally demanded prohibitive prices for their land. Some years later the Government induced Parliament to authorize the resumption of land of suitable character, the owners being paid the estimated value of the land and its improvements, with an addition of 10 per cent as compensation for compulsory sale.

The growth of large estates had been going on steadily for many years, and in 1891 there were 481 estates, each from 5000 to 20,000 acres in extent, covering an area of 4,737,253 acres, and 58 estates, each exceeding 20,000 acres with a total area of 1,974,995 acres. Between them, 539 persons held 6,712,248 acres, or two-fifths of the total alienated area of the Province. In this area there was a considerable quantity, perhaps 3,000,000 acres, of arable land, and it was with a view to preventing the further growth of large estates and compelling the cultivation of a larger part of this area, that in August 1891 Parliament imposed an additional tax of 1d. in the £ on the capital value of estates whose unimproved value exceeded £15,000, or whose area was more than 5000 acres.

The Land Act of 1888 remained in force until the end of the period, but a number of amending Acts were passed, some of which were of considerable interest, though they did not affect the main principles of the original enactment.

THE NORTHERN TERRITORY

The progress of settlement in the Northern Territory during the first ten years after its annexation to South Australia was very disappointing to the many persons who cherished the idea that the Territory was worth developing, and ought to become a valuable appanage of the Province. In 1882 it was thought that the law relating to pastoral occupation required liberalizing, and the Government, sharing this view, induced Parliament to pass an Act consolidating previous legislation and considerably modifying the conditions for the sale and leasing of land. This Act provided that land might be purchased in blocks, not larger than 1280 acres, at the rate of 12s. 6d. per acre, paid in one sum or by instalments extending over ten years ; in the latter case an annual rent charge of 6d. per acre was also payable. Land for pastoral use might be obtained in blocks up to 400 square miles in extent on lease for twenty-five years, at an annual rental of 6d. per square mile during the first seven years and 2s. 6d. per square mile for the remainder of the term. The special provisions made by former legislation, with the design of encouraging the cultivation of tropical produce, were re-enacted. Blocks of land for the growth of rice, sugar, coffee, tea, indigo, cotton, tobacco, etc., might be obtained in areas from 320 to 1280 acres, at a yearly rental of 6d. per acre. If the person to whom the land was let could show that he had cultivated one-fifth of the area within two years, and one-half of the area by the end of his fifth year of occupation, he was relieved of all further payment of rent, and what had already been paid was credited to him towards the purchase of the land at the rate of 12s. 6d. per acre.

For a year or two after the passing of this Act the Territory showed some progress. There was an extension of pastoral occupation and an increase in the area under sugar-cane, but the chief industry of the country continued to be gold-digging, and this was almost entirely in the hands of the Chinese.

Lack of suitable labour was a great drawback to the territory, but the South Australian people never made a determined effort to employ the country to the best advantage. The inaccessibility of Palmerston from Adelaide led to many delays and difficulties, and before the close of the period it had become fairly obvious that South Australia was unequal to the burden which the development of the Territory involved.

WESTERN AUSTRALIA

The change in the land regulations made at the close of the previous period brought no increase of settlement, although there was a slight increase in the area sold. Agriculture was in a poor way, and the cultivated area dropped from about 55,000 acres in 1870 to 46,000 in 1876, in spite of the sale of about 100,000 acres, ostensibly to small cultivators. The drought of 1876 had something to do with the reduced cultivated area, but not a great deal; more important was the scarcity of labour in the country districts and the difficulty of bringing produce to market. To countervail these two great drawbacks of successful farming, wheat growers demanded that the duties of import should be raised to £2 per ton on flour and 1s. per bushel on wheat. Even higher duties were advocated in some quarters, as it was contended that £2 did not represent the difference between the cost of carrying goods to Perth from Adelaide and that from the farms at Greenough or Newcastle. The point of view of the Government was not merely the supply of the small local market, but the establishment of an export trade, and from 1876 to 1886 there was a continual discussion as to steps that should be taken to secure an extension of useful settlement. It was recognized that the men who had taken up land on conditional purchase or, as it was generally termed in Western Australia, special occupation, were not proving satisfactory settlers. Many of them made no improvements on their land, and the law made no provision for

forcing them to do so ; in many cases there was no pretence of agriculture, the land being merely cleared of its valuable timber and then abandoned. The pastoral lessees, who held their land on fourteen year leases, were loud in their complaints of the free selectors, declaring that these intruders took up the best part of their runs, and so impeded the sheep industry, without any adequate compensatory benefit to the State. But the pastoral tenants were not themselves all blameless, as many of them took up land on their runs as free selectors, and thus used the law for a purpose very different from what had been intended. No particular steps were taken to require that land for special occupation should be devoted in part to agriculture. Two things weighed with the Government against making this change—the consideration of revenue, which at that time was important, as the colony was experiencing much difficulty in meeting its expenditure, and the consideration that any difficulties put in the way of the selection of land might react adversely upon immigration. No alteration in the land regulations was therefore made.

The fine discoveries of Alexander Forrest in 1879 led to the opening up for settlement of the Kimberley district in the north of the colony. Forrest spoke most highly of the country, and the Government decided to make the terms sufficiently attractive to bring over experienced squatters, especially from New South Wales and Queensland. The regulations for the new district were issued in 1881. Land could be leased at a fixed yearly rental of 10s. for every thousand acres, subject to the condition that before the end of the second year of the lease the land should be stocked with two head of large stock or twenty sheep per thousand acres ; and these numbers were not to be diminished during the term of the lease on pain of forfeiture or the doubling of the rental charge. These terms, as was expected, proved very attractive, and large areas were taken up, some by Western Australian squatters, but more by men from the Eastern colonies, and especially by men from New South Wales. Much of this demand for leases

was quite genuine, but some of it was pure speculation, the persons taking up the land expecting to be able to resell, as they had been able to do in Queensland in somewhat similar circumstances. Between January and November 1882 nearly 38,000,000 acres were leased, much to the advantage of the public revenue of the colony.

Experience soon showed that the terms of lease were not as moderate as they had seemed. The district was so inaccessible that the squatters had difficulty in conveying to their runs the stock required. Much of the country was without permanent water, and the drought of 1882 made the losses on the overland route very great. The Colonial Office, not understanding the difficulties to be encountered, opposed the provision for the infliction of the double rental on failure to stock a run, and desired that forfeiture should be inflicted in every such case. The local authorities, however, seeing how more accessible districts had suffered from the drought, took a reasonable view of the situation and increased the period allowed for stocking until the end of 1884. In July 1884 the amount of stock required was reduced by one-half, and the period of stocking was again extended.

In other parts of the colony the pastoral tenants showed considerable laxity in paying their rents, and it became a common practice to allow leases to become forfeit by non-payment of rent, and for the owners to take them up again, after arranging an adjustment of boundaries or other alteration that they desired to have carried out. The Government thought to meet this action by arranging to have forfeited leases offered at auction. In October 1883 a batch of forfeited leases were offered for sale, but the squatters were not tempted to compete against one another, and very few sales were effected.

During the next few years the land officials were wrestling with the old problem of utilizing the public estate to the best advantage of the Treasury and of promoting settlement at the same time. Their solution came before the Council in September 1885, and, while not adopted as it stood, was the basis of a new set of regulations which

became law in March 1887. The aims of the legislature, in the changes then made, were to prevent the alienation of Crown lands on an extravagant scale; to ensure the permanent settlement on the land of a class of small farmers; and to obtain an adequate rental from the pastoral lands. Under the new regulations the country was portioned into six divisions. The sales by auction of town and suburban land and of country land for which application was made, were continued in all the divisions, but conditional purchase was limited to the South-Western or old settled district. In this division the Governor in Council was empowered to set apart agricultural areas from which selectors might purchase from 100 to 1000 acres. The price of land within an agricultural area was fixed at 10s. an acre. The selector was allowed to pay this sum by instalments of 6d. an acre. He was at first given an occupation licence for five years, and within six months he was required to take up his residence on the land. He was to continue in residence during the term of his licence and fence the land. If he fulfilled these conditions a lease for fifteen years was then issued; and if at the end of that term the fence was in good order and improvements had been made to the value of 10s. an acre, a Crown grant was issued to him, provided, of course, the rent had been duly paid. Should the selector desire to pay for the land at the time of purchase he was permitted to do so. In this case he was required to fence his land within three years and to spend 5s. per acre on other improvements within five years. Outside agricultural areas the free selectors could take up land on precisely the same terms as within them, but if a selector did not wish to live upon his land he was required to pay double the price required from a resident selector. The regulations also provided that small areas, varying from 5 to 20 acres, might be purchased for gardening purposes at 20s. per acre, on condition that within three years the land should be fenced and one-tenth of it planted with vines, fruit-trees, or vegetables.

In the other districts the Governor in Council was empowered to set apart areas within which land might be sold in portions of from 100 to 5000 acres. The purchase price was to be 10s. an acre spread over a term of ten years, but payment within a shorter time was permitted. The purchaser was not required to reside on his land, but he was required to fence it within two years and make other improvements to the value of 10s. an acre in the course of ten years, before he could obtain a title to his land.

The pastoral leases granted under the regulations of 1873 were now about to fall in, and the new regulations affecting pastoral tenure, had to deal with the land comprised in these leases, as well as the unoccupied areas. It was decided that all new leases should fall in at the same time, and their term was therefore fixed at twenty-one years. The minimum area capable of being taken up varied in each division as also did the rental required. The annual rental in the Eastern division, which included the semi-desert country lying between the settled parts of the colony and South Australia, was fixed as low as 2s. 6d. per thousand acres, increased after seven years to 5s.; in the Eucla division 5s. per thousand acres; in the South-Western division, west of a line from the mouth of the Fitzgerald River in the direction of Mount Stirling, the rental was £1 per thousand acres, and for all other divisions 10s. These rentals were the maxima, and were lowered if a certain quantity of stock were carried or if certain improvements were effected.

The regulations, as a whole, gave great security to the squatters outside the South-Western division, while they afforded great privileges to the free selector in the only district where, at the time, he could profitably carry on agriculture. The extension of agriculture was the main preoccupation of the Government, as the pastoral industry could look after itself. In July 1886 the Commissioner of Lands said: ". . . Though we have alienated about 2 million acres and have at present leased under special occupation about 300,000 acres, there are only 77,000 acres

1400 LABOUR AND INDUSTRY IN AUSTRALIA

under cultivation." Poor as was the showing it was quite equal to that of some of the other colonies, and, if compared with population, it exceeded all except South Australia.

In 1892 there was a very severe drought, the most severe the colony had experienced. Between 1890 and 1892 there was a decline of one-third in the number of sheep, and this loss, occurring at a time of low prices, brought many pastoralists face to face with ruin. Pastoral conditions were such that the Legislative Assembly agreed to reduce the rentals of most of the holdings and forgo a large sum then in arrears. The reduction in rent was to apply to future as well as existing leases.

TASMANIA

The Land Act of 1870 was passed in the expectation that it would greatly stimulate settlement. It remained in force with only slight alteration for twenty years, and although the period was, on the whole, marked by a large amount of general prosperity, the progress of settlement was slight and the revenue from the public estate inconsiderable. While the other colonies were extending the area of the cultivated lands, in Tasmania there was stagnation, the area harvested in 1891 scarcely exceeding 168,000 acres as compared with 163,000 acres in 1861. The land revenue was largely derived from the sale of town and suburban allotments in Beaconsfield, Lefroy, and other towns which sprang up near the great mineral fields; there were some sales of rural lands averaging perhaps 40,000 acres a year, both at auction and by selection, but these sales were not as a rule of the kind that made for progress. The residence provisions of the law were systematically evaded and much land was acquired by speculators. The well-timbered lands were eagerly sought out by the selectors, and the instalment of the purchase money, entitling them to enter into possession, was paid. The next step was to secure through parliamentary or other influence the construction of roads giving access to

the land. This was usually a simple matter as the Government was pledged to the expenditure of its land revenue on road construction. The land was then stripped of its valuable timber and abandoned when the process was completed. In many cases selectors of this class were able to complete the denudation of the land, without having paid more than the first instalment of the purchase-money. Another course, which was the one usually followed by the professional selector, was to pay the whole of the purchase money immediately and resell the land selected. This business required enterprise and good local knowledge, but it was usually successful and lucrative. The best parts of a pastoral holding were selected in this way, and the run-holders, if substantial men, were glad to get rid of the selectors by paying them a handsome profit on their purchases ; if not, there were others who would do so.

These abuses were made possible by the fact that free selection, under the Act of 1870, was safeguarded by no rigorous provisions in regard to occupation or actual settlement, but if it had been otherwise the extremely lax administration of the law, prior to 1873, would have made evasion of its provisions safe and easy. There was practically no attempt to enforce the conditions of residence, to ensure the due payment of rent or the collection of arrears, or to protect the public estate against the depredations of the speculator or the dummy.

While agriculture made no progress, there was a satisfactory increase in the number of sheep and cattle depastured between 1871 and 1881, and a very marked improvement in the quality of the sheep ; but from the point of view of the Treasury, the occupation of the pastoral lands was as unsatisfactory as that of the farming areas. This was also due to bad administration. The revenue declined ; many leaseholders were in arrear with their rent ; large areas, the leases of which had lapsed by reason of non-payment of rent, were allowed to remain in the occupation of their original holders as yearly tenants, and

much other land was occupied, without payment or the pretence of legal possession.

In 1883 an attempt was made to reform the land administration ; there were important changes in the staff of permanent officials, and pressure was brought to bear upon pastoralists with a view to obtaining arrears of rent, and on selectors to get them to meet the yearly instalments payable on land conditionally purchased. These efforts brought little addition to the land revenue, and the new administration protested that it was hampered by the defects in the law, and asked for their amendment. In 1885 and in each of the four following years amending Acts were passed. These were concerned mainly with mineral leases and licences, and with conditions of settlement on mining fields, and it was not until 1890 that a Crown Lands Act, consolidating and amending existing legislation, was passed. The provisions with regard to sales at auction were maintained practically as in the Act of 1870 ; the principal changes affected land made available for selection. The area which could be selected, 15 to 320 acres, remained as before, as well as the price of £1 per acre with 6s. 8d. added as interest on the deferred instalments. Immediate payment for selected land was no longer permitted, nor could a transfer of land purchased on credit be made until the payments to the Crown had been completed ; no deposit was required when land was selected, but the purchase-money was payable in equal instalments extending over a period of fourteen years in the case of first-class lands, and of ten years in other cases. The Act took away the privilege allowed by the superseded Acts of residential conditions being performed by a servant or proxy, and required the selector or a member of his family to reside " habitually " on his holding, until the whole of the purchase price had been paid. Default in the payment of an instalment, if such extended beyond sixty days, rendered the holding liable to forfeiture, and forfeited holdings might be offered at auction, at the discretion of the Minister. A selector was required to make substantial

improvements on his holding, to the value of 2s. 6d. per acre, in each of eight consecutive years following the signing of the contract for conditional sale, and the issue of a grant depended upon these improvements being effected.

Country lands, not specially exempted from sale, might be sold by auction in lots not exceeding 320 acres in area, and the upset price for such lands was to be £1 per acre ; lands so offered and not purchased might be disposed of by private contract at any time during the following year, provided they were not situated within five miles of Hobart or Launceston. Mining areas might be proclaimed within which land might be sold by auction or selected in lots, varying from 1 to 10 acres, if within a mile of a town, or to 100 acres if at a greater distance. In the case of such lands, the purchaser was required to reside on his holding for a period of five years, and if this condition were not fulfilled the land reverted to the Crown. As the intention of the Government, in disposing of these lands, was to give persons interested in the mines an opportunity of obtaining residential or cultivation allotments, the ownership of minerals on the land was reserved, and, on due notice being given, it was open to any one to search for gold or other mineral, but compensation was to be given to the owner for any damage done. In regard to pastoral occupation little change was made in the law. The principle of offering grazing land at auction on lease for fourteen years was maintained, but no security was given to the leaseholder, as the land or part of it could be withdrawn from lease at any time, the only compensation provided being a reduction in rent, corresponding to the area resumed.

From the Act of 1890 the Government anticipated an improved revenue and a genuine class of settlement, but the years immediately following the passing of the Act were a period of financial difficulty, and many settlers were unable to pay the instalments of purchase-money or make the improvements required by law. In 1893 the

Surveyor-General reported that 1200 allotments with a combined area of 130,000 acres were lying in an "untenanted, unimproved, and unproductive condition," and that rents were seriously in arrears. The sales of land had greatly fallen off, the area of land held under pastoral lease had fallen to 652,000 acres, and the revenue obtained from the public estate was only £53,824. While, therefore, the Act of 1890 had freed the Crown lands from unauthorized occupiers and had checked dummy selections, it had not added to the revenue of the island.

V

A VIGOROUS POLICY OF PUBLIC WORKS

AUSTRALIA commenced this period with a public debt of twenty-six and a half millions, and if to this be added thirty-three millions which had been invested in the country by private persons and monetary institutions, the total, fifty-nine and a half millions, represents the indebtedness of the country to its outside creditors. Of all the colonies Victoria was paying most attention to the development of its resources, but even in that colony the annual expenditure on public works did not exceed £460,000, of which about two-thirds were provided for out of loans.

In 1871 there was a plentiful lack of enterprise in all the colonies and a general acceptance of a policy of stagnation. There were of course exceptions to the general lethargy. Some politicians and a few newspapers demanded from the Governments a policy of progress, and now and then one or other of the Governments made a show of adopting such a policy, but there was a want of force behind any efforts that were made, and the old idea that Australia was a country of boundless possibilities seemed no longer to prevail. On 3rd June 1872 Sir Hercules Robinson arrived in Sydney to take up the duties of Governor of New South Wales. A week later the Parkes Government, which was then in office, announced a policy of railway extension, but it was one of those announcements, frequently made before, which would in ordinary circumstances drop out of mind when its purpose had been served. A short acquaintance with Australia convinced Sir Hercules

Robinson that the country was languishing for want of enterprise, and a vigorous prosecution of public works was necessary to its progress. His Ministers had given prominence to a policy of railway extension, and Robinson felt it was well within his rights, as a constitutional Governor, to urge that policy on the country. On 1st July 1872 he opened the western railway to Macquarie Plains, and spoke of the great advantage the country would reap from an extension of its railways. On 17th September following he spoke at Newcastle on the question of developing the natural resources of the country. "This country," he said, "possesses almost boundless natural resources which only require population to develop them. The true policy under these conditions must be to loosen every band that hampers industry, so as to lessen the cost of production, to extend your markets, and by making the country year by year a cheaper and a cheaper place for working men to live in, to attract them in numbers to your shores." A little more than two months later, on 26th November 1872, at the opening of the railway to Goulburn, the Governor turned again to the task of urging the colonists to a more rapid extension of the railways. "Great as was the industrial progress of the southern districts, it was insignificant with what they were capable of were increased facilities for communication afforded. What the country most required was cheap and easy means of transport between the centres of population on the sea-board and the seats of industry in the interior. They were admirably situated for agricultural, pastoral, and mineral pursuits, but their advantages could not be made available till they had the means and convenience of carrying their products from the interior to ready markets at reasonable cost. He rejoiced that the soundness of the policy that favoured the cheapening and facilitating the means of communication throughout the country was now generally approved of, and that amongst the measures about to be brought before Parliament was one for continuing the railway to the border."

There was nothing new in these commonplaces of Sir Hercules Robinson, yet their appropriateness and the distinguished position of the Governor gave them point and weight, and they were greeted with enthusiasm and quoted and discussed in every important newspaper in Australia. In an instant, so to speak, public opinion began to demand that the interests of the colonies should receive better attention at the hands of the politicians, and that a forward policy in regard to railways and other public works should at once be carried out. In 1874 Sir Hercules Robinson went further and suggested that the Government ought not to be satisfied with less than the construction of 50 miles of railway each year. Sir Henry Parkes welcomed the suggestion, and politicians were not slow in ranging themselves in line with their constituents with a demand that extensive schemes of railway construction should immediately be put in hand. In all the colonies keen attention was given to the development of their means of communication, and in a few years "a progressive policy of public works" was in full swing. It was the intention of those who favoured this policy to keep expenditure within strict bounds, and to limit it to works urgently needed and of general public utility. These counsels of perfection were soon lost sight of, and the progressive policy ran a course of about fifteen years, its speed increasing year by year until it became almost a riot of extravagance.

The effect of Sir Hercules Robinson's efforts to rouse the colonies from their lethargy began to be seen in 1873 when important railway contracts were placed by the Governments, but money was comparatively dear and public opinion was still in favour of hastening slowly. From 1871 to 1875 the sum of about eleven millions was expended upon public works by the various Governments from the proceeds of loans raised in England; private capital was slow in responding to the attractions of the colonies, and to the thirty-three millions of such capital in Australia, at the opening of the period, there was added only one and a half

million during the five years, and a good deal of this was brought in by immigrants. After 1875 public opinion was greatly on the side of a more vigorous prosecution of works, while the Governments were not slow in meeting the public demand, and as the rates at which they could borrow were lower from 1876 to 1880 money was sought for freely in London. New South Wales, Victoria, Queensland, and South Australia each spent over five millions during the five years, and nearly twenty-two millions was expended by the six colonies. During this period there was also an awakening of interest in Australia on the part of the private investor, and £11,600,000 of British money found its way to the colonies. Taking both public and private money, about £33,600,000 was introduced during the five years. Of this sum £13,700,000 came to New South Wales, £5,500,000 through the Government, and £8,200,000 through private channels. Victoria, Queensland, and South Australia each received five millions through their Governments, but the gain of private capital by these colonies was on a much smaller scale than by New South Wales, Victoria obtaining £1,900,000 and Queensland £3,000,000. South Australia was at this time in the peculiar position of exporting capital, about £1,600,000 being invested by the Province in the other colonies in excess of any capital imported.

The money coming to Australia up to 1880 was readily absorbed, and considering the ill-developed condition of the country and the careful way in which the money was handled, it can hardly be doubted that, so far, the public works policy was justified in its results. There was a general awakening of trade, production was developed, and labour was not, to any appreciable extent, drawn from productive pursuits to public works. But the comparative ease with which money was obtained by the Governments begot the idea that they were somewhat remiss in not obtaining more. This was the view in New South Wales, where the various Governments that held power were already itching for more money to spend, and in their

desire to obtain it vied with one another in their eagerness to dispose of the public estate for cash. From 1876 to 1880 nearly £12,000,000 was received by the New South Wales Treasury on account of revenue from public lands, chiefly from sales. By this means the Government was in possession of much more money than it required for the orderly government of the colony, and this naturally led to inflated expenditure, in spite of which, however, the Treasurer was able to accumulate a considerable surplus, which in 1877 amounted to £2,351,000. It is interesting to note that a large portion of the £8,200,000 private capital coming to New South Wales was brought in by the banks, being deposits received by them in Great Britain, and this money formed the basis of the advances made to the squatters, by which they were enabled to carry on the extensive land purchases, from which the Treasury obtained its surplus.

With the year 1881 the colonies of New South Wales, Victoria, Queensland, and South Australia entered upon a career of extravagant governmental expenditure, which was supplemented in New South Wales and Queensland by the lavish introduction of capital on private account. In the five years 1881-85 the four Governments mentioned expended 37·5 millions out of loan funds, while also greatly increasing their ordinary expenditure. New South Wales expended sixteen millions of loan money and increased its ordinary expenditure from a yearly average of two and a quarter millions in 1871-75 to seven millions in 1881-85, and the inflation which this expenditure would of itself have induced was vastly helped by the fourteen and a half millions of private money that came to the colony. Queensland, with a population of about a quarter of a million, expended in the five years seven millions from loan money obtained in England, and received twelve and a half millions on private account; Victoria spent about eight and a half millions out of loans, and imported four and a half millions on private account. Although the South Australian Government expended nearly six millions of

borrowed money, contrary to the general experience of the other colonies there was little, probably not more than a million, private capital brought into the Province.

From 1871 onwards the colonies had been carried along in a growing tide of prosperity, and wages had been improved without the purchasing power of money being reduced ; the import of capital had acted as a wonderful stimulus to the whole community. But the capital-absorbing capacity of a country is conditioned by the growth of its population and the room for increased production, and South Australia now experienced the force of this truth. During the five years 1881-85, in spite of the importation of capital just referred to, possibly on account of the misapplication of some of it, South Australia was unable to retain its population. Although good progress was made in agriculture, the industry was carried on in a manner not necessitating the employment of much capital, with the result that the banks in Adelaide had more money than they needed for ordinary purposes, and a boom in city lands ensued. It was unfortunate for the boomsters that the prices of staple commodities fell very much, important mines were closed down ; to make matters worse, the harvests persistently failed for lack of rain, and stock-owners were also involved in heavy losses. Naturally the land boom collapsed and a disastrous reaction followed ; land became unsaleable, and many speculators came to grief. To add to the general distress, the Commercial Bank of Adelaide failed and with it other joint-stock associations, and hundreds of investors were rendered penniless. No date of course can be given as the beginning of this depression, but its end came in 1887 when the Teetulpa gold-diggings were discovered. This gave employment to several thousand men, and, more important still, the rich deposits of silver, lead, and tin were opened up in the Barrier Ranges in New South Wales close to the South Australian border.

During the next five years (1886-90) the market for Australian loans was easier than it had ever been, and all

the Governments fairly hustled one another to have their loans placed in London. Their borrowing rose to £46,900,000, to which was added £53,200,000, received through private channels, so that money was poured into the country at the rate of twenty millions a year. Up to the year 1880, however freely money came to the colonies and however freely it was expended, the works undertaken by the Governments were, with few exceptions, of manifest utility and urgently required. This restraint was generally observed for a few years longer, but presently all pretence at confining expenditure to works either of urgency or utility was abandoned, and from 1884 onward Governmental expenditure became a riot, limited in its violence only by the amount of accommodation obtainable in London. In some of the colonies the Governments, simultaneously with the augmentation of their resources by borrowing, had a largely increased general revenue, and this was also disposed of with a lavish hand. New South Wales particularly, which from 1874 onward had freely parted with its public estate, was in possession of an abounding revenue so long as the process lasted, but when the sales were checked it found itself unable to get back to former conditions of expenditure, with the result that a revenue surplus of four millions in 1882 was turned into a deficit of two millions five years later.

Of the new capital of 100 millions brought to Australia from 1886 to 1890, considerably more than half was taken by Victoria, the Government of that colony expending seventeen millions from loan funds, which were supplemented by 37·7 millions introduced on private account, making a total of 54·7 millions from the two sources, an enormous sum for a population of less than one million. New South Wales received in the same period 28·2 millions, 11·6 millions on account of Government loans, and 16·6 on private account. Queensland received 11·2 millions, of which 9·6 was on Government account, the receipts on private account having dropped to 1·6 millions. South Australia had begun again to export capital in 1887, and

during the five years about 4·3 millions were sent away from the Province ; but as the Government was still pursuing its works policy, 5·7 millions of loan money were raised and expended in the same period, giving an actual introduction of 1·4 millions. Western Australia received about one million on private account, mostly for investment in its new-found mines ; Tasmania received about one and a half millions for investment in mines, and the Government of the island was also engaged in a works policy, having bought out the main line company for a million sterling and expended about 1·7 millions out of loan funds in the construction of other public works.

Two years more of borrowing remained before the vigorous policy of public works came to an end. The prices of Australian Government stocks had shown some very interesting changes during this period, which more or less reflected the estimation in which Australia as a whole and the various colonies were held by the investing public. From 1875 to 1889 the Australian states were welcome borrowers in the London market ; the class of security they had to sell was greatly in demand, and was offered in easily absorbable amounts. This success was eminently justified, during the first seven or eight years of the period, by their economic position and the careful handling of their finances ; but their later success was not so justified, and was mainly due to the circumstances of the English market, which was fortuitously affected by the conversion of Consols, carried through during 1888 and 1889.

The ease with which money was obtained had a demoralizing effect on the Australian Governments, who now began to regard their ability to borrow as illimitable, and each successive issue was taken as a further invitation to plunge deeper into debt. In 1890 there was a sudden and unlooked-for change and a considerable depreciation of Australian stocks. New South Wales 3½ per cents redeemable in 1918, which had been issued in 1889 at £101 : 1 : 2, fell to £98 : 7 : 6 in October 1890 ; Victorian

3½ per cents, issued at £100 : 2 : 2, stood at £98 : 12 : 6; and South Australian 3½ per cents, originally placed at £99 : 6s., stood at £95 : 15s. The effect of the change was seen in January 1891 when Victoria attempted to raise £3,000,000 and could obtain £2,000,000 only; in May of the same year less than £300,000 was subscribed towards a Queensland loan of £2,500,000 at 3½ per cent, although the price was put down to £94; in September 1891 the New South Wales Government tried the market with a loan of £4,500,000, and only £2,500,000 of the stock was subscribed by the public, the Bank of England taking one million and the Australian associated banks the same amount amongst them. This was a very different experience from that to which the colonies had recently been accustomed, when their loans were covered two or three times over. Every fresh issue now brought about a decline in the price, not only of the stocks of the issuing state, but of all Australian Government securities. This was experienced in a marked manner when, in February 1892, the issue of a small loan by Western Australia was followed by a decline in the price of the securities of the other colonies to the extent of 1 to 2 per cent. Four months later, Victoria, being desirous of obtaining £2,000,000 from the London market, was compelled to accept a net price of £91 : 12 : 6, although a little more than three years before a loan for £3,000,000 of like stocks was readily taken at £102 : 14 : 10. The issue of the loan was badly received by investors, but as it was of the utmost importance to the ten associated banks that Victoria should get this money, these banks subscribed amongst them for £750,000. Towards the close of 1892 the New South Wales Government would gladly have attempted a loan operation in London, but the response made to its inquiries was not encouraging, and it offered £1,000,000 of 4 per cent Treasury bills for subscription in Sydney. About half the amount required was obtained in Sydney, and the sale of further quantities being unlikely, the rest of the bills were sent to London, where they were received very unfavourably. The rapidity of the change

may be seen from the fact that while in 1891 the six Governments expended ten millions, in 1892 the sum had dropped to 6·5 millions, in 1893 it was four millions, and in 1895 only 2·8 millions. In 1891 the flow of private capital from England to Australia practically ceased; Melbourne, which was the financial centre of the continent, began to withdraw from the other colonies part of its own investments and part of the British investments that it controlled; and what was left of the boom came to a speedy end.

To the ordinary observer the most noticeable feature of the boom period was a feverish activity in the land market. The vacant lands in the vicinage of the capital cities were resurveyed and pegged out in allotments, and auction sales were held weekly or more frequently, at which these lands were offered. The sales were usually on extended terms, and it is a pardonable exaggeration to say that the whole community appeared to be buying or selling land, or else engaged in both operations. Under the influence of the boom land values rose rapidly and fell away after the collapse almost as rapidly, but naturally, as the boom was supported by an increase in population and by a development of industry, the reaction was not so great as the acceleration had been. Melbourne, as the centre of the financial activities of the continent, naturally showed the greatest accretion of values, and when the change came felt the reaction most. In 1887 the annual value of property in this city and its suburbs was £4,128,000; this rose by leaps and bounds to £6,639,000 in 1893 when nominal values were at their maximum. This represents an increase of 60 per cent in six years. Then came the slump, and three years later the assessed value was reduced to £4,168,000, that is, about the same figure as in 1887. The change was a real and substantial one; from 1893 to 1896 the fall in rents and land values in Melbourne was equal to about £2,500,000, and this meant the annihilation of the margin of the security, possessed by banks and other financial institutions, that had made advances against real

property. In Sydney the rise and fall of values, though very considerable, were not on the same scale as in Melbourne. In 1887 the annual rental value was £4,632,000, rising to £6,067,000 in 1893 and dropping back to £5,019,000 in 1896, when prices had adjusted themselves after the bank crisis. In Adelaide the rise in land values was arrested in 1885, and when the great crisis came eight years later the city remained comparatively unaffected. Queensland was not so fortunate. This colony had been one of the foremost in carrying out a vigorous policy of public works and in importing capital through private channels. The public works policy had not been long under way when land values rose very rapidly ; but as soon as the stimulus was removed, there was first a pause and then a very considerable decline. Thus in 1891, when the importation of capital had ceased, the unimproved value of the lands of the colony was 49·2 millions, and in five years this fell away to 40·8 millions. It was the cities rather than the rural districts that were chiefly affected by the rise in land values and suffered most when they fell : thus the assessed value of Brisbane and suburbs in 1891 was £17,500,000, and this declined to £11,000,000 in 1898, other large towns showing similar reductions.

An indication of the fall in the value of property throughout Australia following the crisis of 1893 may be gathered from the following figures. In 1890 the wealth of Australia was computed at 1019 millions, of which land and improvements represented 721 millions ; no further valuation was made until 1899, a few years after the immediate effects of the crisis had disappeared, when the total wealth of the colonies was found to be 879 millions, of which 585 millions stood for the value of land and improvements. The value of all property, therefore, had declined 14 per cent in these nine years, and land and improvements about 19 per cent. The decline in the value of landed property affected chiefly Victoria, where it amounted to sixty-three millions or one-fourth, South Australia, where it was about thirty millions or two-fifths, and New South Wales, forty millions or one-

seventh; Western Australia and Tasmania were unaffected by the depreciation of values, and Queensland practically recovered by 1899 what it lost in 1893.

The condition of affairs which existed throughout Australia from about the year 1880 was popularly spoken of as the "land boom." There was, indeed, a great rise in land values and much speculation in city lands, but the land boom was merely a feature of the general exhilaration that pervaded the entire community. Statesmen heard, or thought they heard, the rush of the millions who were to people Australia, and fond speculations were indulged in as to the probable population of the country at various not-remote dates, speculations which did not err on the side of timidity. Merchants and traders of all sorts saw their business increasing with great rapidity, and looked confidently to the realization of still greater successes. The manual labourer was in steady employment with wages almost approaching the days of the gold-digging, without a high cost of living. The pastoralist forgot about droughts, or dreamed that they would return no more. There were everywhere displayed the signs of great prosperity, and the general expenditure increased with the prevailing expansion; in the late 'eighties it was little short of £50 a year for each member of the community, £20 a year being expended on food and beverages. This was a notable advance upon the expenditure of the previous decade and about a third more than in 1894, the year following the bank crisis, when the annual expenditure had dropped to £36 : 7 : 10 a head.

The total production of the farms, flocks, forests, mines, and factories of Australia during the five years 1886-1890 was about 415 millions; in the same period 100 millions of capital were introduced. The introduction of so much capital was virtually equivalent, in its effects on the labour market, to increasing the production of the country by about one-fourth; and it is therefore not to be wondered at that there should be signs of great apparent prosperity.

During the earlier years capital was brought to the colonies in readily absorbable amounts, and this may be said to have continued until about 1885, with excellent results for the whole community. After 1885, in certain years and by certain colonies there was amazing recklessness both on the part of the Governments and of the financial institutions, and with an appearance of prosperity there was an actual stay of progress. Australia could have absorbed freely and advantageously all the money that it received, if there had been time given for its assimilation, but to bring in seventy-three millions of money to a community numbering between two and three millions, as was done in the five years 1881-85, and 100 millions during 1886-90, was to provoke extravagance and invite wastefulness. It is plain that, in the years in which Australia received more capital than it could legitimately absorb, there was more or less wild speculation, an arrest of industry and the withdrawal of large bodies of men from productive pursuits, followed later by a derangement of the labour market, with strikes, lock-outs, and industrial unrest.

Victoria offers the most pertinent illustration of this sequence. During the five years 1881-85, the colony imported thirteen millions of capital and exported of its own produce goods to the value of sixty-four millions, equivalent to about £14 per inhabitant yearly; during the next five years, when the import of capital was four times as large, the export of Victorian produce was valued at forty-eight millions, equal to £9 per inhabitant. New South Wales with its large area, more extensive natural resources, and inferior development, was better able to absorb capital than was Victoria, but at no period did it receive such large accession of capital, the maximum import being 30·5 millions in 1881-85, as compared with 54·7 millions to Victoria in 1886-90; nevertheless, although as a rule the amount imported was within the limits of the absorbing power of the country, in certain years there was an over-importation with a consequent arrest of progress. Of the

twenty years comprised in this period 1885 and 1886 witnessed the largest importations of capital into New South Wales, namely, £11,470,000 in the former and £10,028,000 in the latter year. These sums were quite beyond the power of the country to use to advantage, and the energies of the people were diverted to an appreciable extent from productive pursuits, so that the domestic produce exported, compared with the population, was less than in any other period since the gold discovery. A similar phenomenon is observable in Queensland. From 1876 to 1880, when the introduction of capital amounted to eight millions, there was an annual export of £17 : 8s. per inhabitant, which fell off to £15 : 10s. when the import of capital rose to nearly twenty millions during the following five years. From 1886 to 1890, when the private capital brought to the colony was only £1,600,000, and time was given for the absorption of the money brought in above the requirements of the country during the preceding five years, there was a strong revival of production.

Extravagant expenditure on the part of the Governments, and waste and undue mortgaging of resources both on the part of the Governments and private persons there were in plenty, but when all is said that can be said on these matters, it will be evident, as this narrative proceeds, that the net effect of the Governmental expenditure was to open up the country and help the producer, and that the net effect of the introduction of money on private account was to give a strong impetus to industries generally, many of which were languishing for want of capital. The tonic effect of the introduction of capital may be gathered from the figures relating to the production of the census years :

| | Value of production total. | £ | Average value of production per inhabitant. |
|--------------|-------------------------------|---------|---|
| 1871 | 46,700,000 | 27 17 2 | |
| 1881 | 71,116,000 | 31 1 3 | |
| 1891 | 96,086,000 | 29 19 9 | |

During the period embraced by these figures there was a very marked decline in prices. From 1871 to 1881 the fall in the export value of Australian produce was equal to 16·6 per cent, and from 1871 to 1891 38·7 per cent, so that if the 1871 prices had prevailed throughout the period, the production per inhabitant in the years quoted would have been :

| | £ | s. | d. |
|----------------|----|----|----|
| 1871 | 27 | 17 | 2 |
| 1881 : : : . | 37 | 5 | 0 |
| 1891 : | 48 | 18 | 0 |

The actual volume of production per inhabitant was thus 33 per cent greater in 1881 and 75 per cent greater in 1891 than in 1871, and it would indeed be idle to contend that this development was not mainly due to the vigour imparted to the industrial life of the community by the inflow of capital.

The first years of the operation of the vigorous policy of public works were marked with considerable caution in the choice of works to be carried out, and the Parliaments carefully scrutinized proposals for the expenditure of public money ; but presently all caution was thrown to the winds, and Victoria, New South Wales, and Queensland, having money to spend, authorized the construction of many works, the expenditure on which was indefensible from the point of view either of present requirements or of future utility. There was in fact a scramble amongst the parliamentary representatives of country constituencies for as much local expenditure as they could procure for their individual districts. In New South Wales, railways of an expensive character were constructed entirely without regard to any consideration other than satisfying the clamour of the parliamentary representatives of the districts served ; while smaller works, like roads, wharves, bridges, and buildings, were also constructed with no more legitimate object. In Victoria, owing to the existence of local governing areas covering the whole colony, the Government had no opportunity of squandering money

on petty local works, but the constituencies were placated by the construction of branch lines of railway, which even those benefited were disposed to ridicule after they had obtained them. Some of these cockspur railways, as they were called, yielded so little traffic, either goods or passenger, that trains were not run upon them, and to save the cost of their maintenance, the rails and other removable parts of the permanent way were taken up and used elsewhere.

When the Commissioners were appointed in 1884 to control the Victorian railways, it was their duty to protect the colony from assaults upon the public purse, made with the object of obtaining money for the construction of unnecessary and non-paying railways, and their recommendation was necessary before a new line could be constructed. Speight, the Chief Railway Commissioner, who had been brought from England, was, however, caught in the whirl of extravagance that overtook Victoria at the time of his appointment, and took the most roseate view of the probable development of the colony. Moreover, he failed to resist the political and social pressure to which a public official in the colonies is liable to be exposed, and any proposal, for which a plausible case could be made out, was certain to meet with his warm approval. Speight was not one whit worse than the Ministers under whom he served, but when the boom period was over and the time for reflection had come, he and his fellow-commissioners were greatly condemned for their weakness and pliability; and in March 1892 they were suspended from office by the Shiels Government, which was at that time called to power. A few months later they were permitted to resign, and a single Commissioner for Railways, more directly controlled by the Ministry than the late Commissioners, was appointed.

The position of the Government as the sole constructor of railways, harbour improvements, waterworks, drainage, wharfage, and other works of an extensive character, was recognized by every one as liable to be greatly abused. That it was abused in the case of Victoria and New South

Wales has just been seen ; in the other colonies there were abuses of a like kind, which were on a smaller scale only because the money available for expenditure was smaller. No public man denied the existence of the evil, but a very large proportion of them profited by it, and were loth to make a change. But at the beginning of 1888 Parkes, who of all men was least disposed to conciliate his constituents by the improper use of public money, introduced a Bill into the New South Wales Parliament, which, as he himself expressed it, would check or defeat improvident proposals for the expenditure of public money. This Bill, which became law under the title of the "Public Works Act," aimed at holding the Government responsible for all proposals for the expenditure of money on public works brought before Parliament ; ensuring an independent investigation as to the utility and cost of such works ; and preserving the authority of Parliament unimpaired over the public expenditure. Parkes' Act set up a Standing Committee of Public Works, consisting of five members of the Legislative Council and eight of the Assembly, the members of the committee being elected by a ballot of the House to which they belonged. Every proposal for the construction of a public work involving the expenditure of the sum of £20,000 or more was, under the Act, to be laid before the Legislative Assembly by a Minister, and the Assembly, if favourable to the proposal, would send it for report to the Standing Committee. The committee was authorized to take evidence in regard to the matter submitted to it, and report to the Assembly, which, on the receipt of the committee's report, would decide upon the expediency or otherwise of carrying out the work proposed.

There can be no doubt that the Public Works Act was the means of preventing many worthless projects being carried out, but it was not as efficacious as its author hoped it would be. The first difficulty that met the committee was that, being appointed from session to session, it was often very possible that the work entrusted to it could not be completed in the time available ; and after an experience

of about twelve months, the life of the committee was made coterminous with that of the Parliament appointing it. The second difficulty was that the members being unpaid, their attendance at meetings of the committee became slack, after the novelty of the business wore off, and even amongst those who attended there was a lack of interest in the proceedings. For a time the committee was carried on in this way ; those who were particularly interested in the subject under investigation attended to elicit the points they desired brought out, the other members giving little attention to the proceedings.

The Ministers found the committee a great relief from the importunity of "roads and bridges" members, as they were able to satisfy the most clamorous, without pledging themselves to support the claims of such members for the expenditure of public money, until the parliamentary committee had come to a decision as to the expediency of carrying out the work asked for. Thus it happened that a large number of works were referred to the committee, for the proper consideration of which much time would be required, and the committee was called upon to sit several days a week for many weeks in succession. Few members were found willing to make this sacrifice of their time, in addition to that required for the performance of their parliamentary duties. About twelve months after the original Act constituting the committee was passed, Parkes saw that the principle of investigation he had set up would fail, unless he could get the members of the committee to take more interest in its proceedings. From this conclusion it was but a short step to the introduction of a system of payment to the members of the committee, and in September 1889 an Act was passed granting to the chairman of the committee a fee of four guineas, and to each member a fee of three guineas for each sitting, and travelling expenses at the rate of thirty shillings a day to each member who was absent from Sydney on the business of the committee. The ordinary fee for attendance at meetings was also payable

during such absence, every day being considered a meeting day. The introduction of payment for attendance wrought an immediate change in the business and constitution of the committee. There was no longer any cause for complaint on the score of lack of attendance, and so keen were the members of the committee not to lose their opportunities for fee-gathering, that they usually prolonged their investigations until the last fraction of evidence obtainable was secured, and frequently sat twice a day, whereby they earned a reputation for great diligence, and also double fees, as the morning and the afternoon sittings were counted as two meetings.

At the early stages of the committee's history the choice of members to serve upon it was a proceeding of great formality. The Premier selected the men of his party whom he considered best qualified, and obtained from the leader of the Opposition a list of his followers whose merits entitled them to selection. A list was then drawn up, care being taken that the Government nominees should be in a slight majority, and the Premier invited the Assembly to appoint the members, whose names were on the list, to form the committee. As both sides had agreed to their nominees the names on the Government list became the choice of Parliament. When, however, it was discovered what a comparatively lucrative business membership of the committee was, it became the ambition of members of Parliament, who could not aspire to Ministerial office, to obtain seats on the Works Committee, and, as voting was by ballot, the Government was never certain that it could induce the Assembly to adopt its list of members. In the end the Government ceased to think of appointing men to the committee solely because of their qualifications; they had to consider their acceptability to the Assembly. But even when this precaution was taken a member, not on the official list, was able, by dint of judicious canvassing, to get himself elected in place of a nominee of the Government. Nevertheless, in spite of the general want of technical qualifications in the members of the committee, and in

spite of the barefaced manner in which they spun out their work for the sake of the fees, it cannot be denied that the setting up of the Public Works Committee was the means of saving the country from expending considerable sums on useless or unremunerative proposals, although it cannot be said that all proposals of this character were vetoed by the committee. In New South Wales, where the Public Works Committee idea originated, there has been no disposition to revert to the older system, and Victoria followed the example of the Mother State, setting up a parliamentary committee in 1890.

VI

LABOUR AND WAGES

NEW SOUTH WALES

THE improvement in the industrial condition of the colonies which was observable at the close of the last period was continued, and there was a strong demand for agricultural and dairy workers, and for men for splitting timber, clearing, and fencing. The rates of wages current in 1873, and shown in the following statement, mark a large advance over those previously paid. The rates are for a year, and are in addition to rations and sleeping accommodation :

| | |
|--|------------|
| Married farm and domestic servants | £50 to £60 |
| Farm and general labourers | 30 ,, 35 |
| Ploughmen, stockmen, and shepherds | 35 ,, 40 |
| Shepherding families | 50 ,, 70 |
| Carpenters and blacksmiths | 50 ,, 80 |
| Rough carpenters | 40 ,, 50 |

The position of domestics was also better than it had been for several years, the wages of women servants being usually from 8s. to 12s. a week, and the demand at these rates was in excess of the supply. Notwithstanding this general improvement, building mechanics, especially in Sydney, still found it rather difficult to get work at the recognized rates of wages ; contract work was still in favour with the employers, and therefore more easily obtainable, but at such work men rarely earned full wages. The iron trades were in such a prosperous condition that the ironmasters of the colony signed an agreement that

eight hours should be considered a day's work, at the same time conceding an increase of 15 per cent in wages. The men concerned belonged to a branch of the Amalgamated Society of Engineers, and in securing the eight-hours day they were acting in agreement with the English society. These concessions did not, however, bring peace. The hours for beginning and ending work had been so fixed as to allow two intervals, for breakfast and dinner, but the employers, finding after a short trial that a day of eight hours broken into three periods was objectionable, without further discussion altered the hours so as to include but one break. The men at once struck work. The strike affected more than 2000 men, and, beginning on the 18th October 1873, was continued until March of the following year, when a compromise was arranged which allowed three daily periods from September to May, but two only during the rest of the year. The men were supported in their long struggle by their own trade unions and by the Trades and Labour Council of Sydney.

The dispute was unfortunate in more ways than one. A day broken into three periods was inconvenient to the employers, since it involved thrice banking up the fires, and was otherwise not good for the work of a foundry and engineering shop, and in insisting on it, without adequate reason, the men were inconsiderate to their employers' interests at a critical time when ironmasters were beginning to establish themselves in Sydney. The Government had just placed large orders in the colony with a view to encourage the local industry ; the strike made it impossible to execute the contracts, and the orders were placed in England, the work being thus lost to New South Wales. Further, not only was the intention of the Government frustrated, but a prejudice arose in the minds of many persons against attempting to have castings, engine fittings and like articles, made in the colony.

During 1872 there had been a large advance in the price of coal, and in 1873 the trade was very prosperous, and the output would have been still larger but for the

insufficiency of the wharfage and shipping accommodation at Newcastle. At the beginning of 1873 the miners took a ballot on a proposal to work ten hours a day, the boys employed with them working two shifts of five hours each. The colliery-owners wished for eleven hours, with two shifts of boys, and offered to give ten hours in 1874. At the Lambton colliery the men's terms were accepted, but at the other collieries a strike took place which lasted until 6th February, when the men offered to agree to a day of ten and a half hours during 1873 and ten hours afterwards, one hour being allowed for a meal in both cases. These terms the employers at once accepted. In December 1873 the Associated Colliery Masters and the delegates and officers of the Coal-miners' Association of the Hunter River district entered into a formal written agreement, embodying the arrangements in regard to the hours of working just referred to and payment for coal won. The minimum rate of wages was fixed at 3s. 6d. per ton, and this was to be the price when the best coal was 8s. or less per ton, and small coal 3s. 6d. per ton. Subject to this, minimum wages were to vary with the price of coal in the way which has been described, the miners obtaining an extra 3d. for every advance of 1s. per ton in the price of coal over 8s. per ton. Any differences arising after the signing of the agreement, in regard to wages, were to be settled by conference or by arbitration. The miners were to be represented at any such conference by the district officers and delegates of the Coal-miners' Association, and the Associated Masters by a person representing each colliery and the manager of each colliery. A conference was to be held within twenty-eight days of the date on which it was demanded, and if such conference failed to arrive at a settlement of the question in dispute, the matter was to be reduced to writing and submitted to a Court of Arbitration composed of four "disinterested persons" and an umpire, each party to the dispute naming two of the arbitrators, and the arbitrators themselves choosing the umpire. The Court of Arbitration was required to

deal with a question referred to it within fourteen days, and any matter decided by the court was not to be re-opened for twelve months.

This is the first example in the history of Australia of the full recognition of collective bargaining as a principle and not as an isolated phenomenon, as in the agreement of 1873 the miners' union was recognized as the representative of the miners in every difficulty that might arise. This connoted a complete change in the attitude of the employers towards the union, for previously they had frequently refused to recognize the miners' officials. For some years the minds of both employers and employed had been turning towards arbitration, and in several of the smaller disputes which occurred in different trades arbitration was suggested as a means of settlement; but this was the first occasion upon which the methods of conciliation and arbitration were recognized and a permanent tribunal for settling differences set up. From the speeches of employers and labour leaders it appears there was a tendency to look to the State for compulsory arbitration in labour disputes, and it is noteworthy that the coal-workers' agreement contained a stipulation that, if the four members of the Arbitration Board failed to agree on an umpire, the Minister for Works should appoint one or act in that capacity himself. An inclination towards arbitration in labour disputes was to be found, at this time, in Great Britain as well as in Australia, and in adopting this policy the Australian coal-miners followed the example set by the miners in more than one district in England.

The almost complete monopoly of the Australasian coal trade which the Hunter River district possessed at this time placed a powerful weapon in the hands of the miners' association in the event of a dispute, and its ready adoption of the principle of arbitration was not unconnected with the fact that, though vigorous in policy, it was lacking in funds. The strikes of 1872 and 1873 had almost exhausted the miners' resources, and were maintained largely by the generous support of workmen in other trades.

In December 1873 the price of the best coal at Newcastle was 14s. per ton and the maximum hewing rate was therefore 5s. per ton, and it was estimated that the average earnings of a miner in full work were 12s. 6d. per day.

In 1874 there was a further improvement in the wages of country mechanics, carpenters, wheelwrights, and smiths, who now obtained from £60 to £80 a year. The wages for women servants also showed an improvement, as from 8s. to 14s. a week were the usual wages.

The Government found itself, during 1874, for the first time for many years in possession of an ample revenue, and it at once largely increased the circle of its employment. The construction of various public works, railways, roads, and bridges was pursued with vigour; towards the end of the year the demand for mechanics became so keen that the *Sydney Morning Herald* declared that employment was much better than it had been for many years, and the able-bodied population of the colony was too small for its requirements. The lowest wage paid to mechanics in Sydney was 8s. a day; stonemasons and blacksmiths ranged up to 12s. with a minimum of 10s., bricklayers ranged up to 11s. with a minimum of 10s., and carpenters ranged up to 10s., as also did some other trades. The rates were no longer merely nominal, they really represented the daily earnings of the great majority in these trades. The men in the building trades in every part of the colony were busily employed. At Bathurst they felt strong enough to demand an eight-hours day, and this not being immediately conceded a strike was at once declared. The chief part in the agitation was taken by the Carpenters' and Joiners' Association, but all branches of the building trade joined in. An offer on the part of the employers to grant eight hours from the 1st January 1875 was refused, and after a three days' strike the men were victorious.

The only industry which was not prosperous in 1874 was gold-mining. The active development of 1872 had been accompanied by a great deal of speculation. Many of the persons, who then invested in mining properties, were

unwilling to wait the interval necessary before a dividend could be earned, and many were unable to pay calls on their shares. Work therefore ceased in a number of the new mines, and the men thus thrown out of work did not obtain other employment very readily. Copper and tin mining suffered much in the same way, but the number of men affected by the closing of these mines was not large.

With this important exception of gold-mining the industries of the colony continued in a very flourishing condition throughout the rest of the year 1874, and were even better in 1875 and 1876. The demand for country labour was greatly increased by the enormous sales of land in these years. Most of the land sold was indeed already in occupation and was bought by squatters to prevent settlement; nevertheless the work of fencing and improvement was carried on and called for the labour of many additional men, though not an extra acre might be given to the plough.

The rates commonly paid to country workers were :

| | |
|--|------------|
| Married couples, as farm or station hand and domestic | £60 to £75 |
| Farm labourers | 35 „ 45 |
| Stockmen and boundary riders | 40 „ 75 |
| Shepherds | 35 „ 40 |
| Blacksmiths | 75 |

These were for yearly engagements and were in addition to rations and hut or other sleeping accommodation. Fencing, tank-sinking, and such like work were usually let by contract; the men who undertook such contracts looked to earn from 8s. to 10s. a day.

There was no upward movement in the wages of men employed in the building industry during 1875 and 1876, but there was a strong tendency for all men belonging to a trade to be paid at uniform rates; the wages of brick-layers were no longer quoted in 1876 as from 10s. to 11s. a day, the accepted rate for all was 11s. This was the practice in almost all the other trades except carpentry and painting, in which there was still a range of 1s. a day

between the minimum and maximum rates, to meet the difference in the quality of the work to be done. The rates of daily wages in some of the principal trades during September 1876 were :

| | |
|-------------------------------|-------------|
| Carpenters | 9s. to 10s. |
| Stonemasons | 11s. |
| Plasterers | 11s. |
| Bricklayers | 11s. |
| Painters | 9s. to 10s. |
| Joiners | 10s. |
| Builders' labourers | 8s. |

In all these trades the eight-hours day was observed, payment for overtime being made at "time and a quarter."

Next in importance came the ironworkers and allied trades. In these the practice of maximum and minimum wages prevailed, and in some branches the range was very considerable. Like the builders, the ironworkers worked eight hours, with time and a quarter for overtime.

| | s. | d. | s. | d. |
|------------------------------------|----|----|-------|------|
| Iron-turners and engine-fitters . | 10 | 0 | to 11 | 0 |
| Coppersmiths | 10 | 8 | ,, | 12 0 |
| General fitters | 8 | 8 | ,, | 10 4 |
| Blacksmiths | 9 | 4 | ,, | 12 8 |
| Ironmoulders | 10 | 0 | ,, | 11 4 |
| Boilermakers | 10 | 8 | | |
| Boilermakers' assistants | 6 | 0 | ,, | 7 4 |
| Brassmoulders | 9 | 4 | ,, | 10 8 |
| General labourers | 4 | 8 | ,, | 5 4 |

The wages of shipwrights were quoted at 12s. a day, carriage and wagon builders at 8s. 8d. to 10s. 8d., saddlers and harness-makers at 7s. 6d. to 9s., and general labourers and navvies at 7s. Manufacturing was beginning to have some importance in 1876, but owing to want of combination amongst the persons employed there was no generally acknowledged rate for each trade. In industries where skill and training were required the wages paid ranged from 7s. 6d. to 9s. a day, and where no skill was needed a labourer's wage of 5s. to 6s. a day was usual.

Domestic servants were now greatly in demand, and their wages showed an all-round rise of about 3s. a week between 1872 and 1876, the supply of competent domestics being much below the demand. Cooks were paid in 1876 from 12s. to 20s. a week; plain cooks and laundresses, 12s. to 16s.; housemaids, 10s. to 14s.; general servants, 10s. to 18s.; and nurses, 10s. to 14s.

In the latter part of 1875, under the improved demand for labour, the men in the organized trades felt strong enough to make demands on their employers which, when refused, usually led to strikes. These demands related mostly to the eight-hours day or the payment of overtime. At Young in November the bricklayers' labourers, who were receiving 7s. per day of ten hours, struck for an eight-hours day with the same wage, but they were not successful. At Orange, about the same time, the wheelwrights and blacksmiths were successful in obtaining an eight-hours day at a wage of 1s. 3d. per hour, and generally, throughout the small towns of the colony, an attempt was made to secure the eight-hours day, a short strike usually preceding the grant of the concession. The dispute which attracted the greatest popular interest at the time arose in connexion with the shipping trade of Sydney. On 13th August 1875, the wharf labourers, who were united in the Sydney Labouring Men's Union, issued a notice that after 17th September a day's labour would be understood to mean eight hours, from 6 A.M. to 4 P.M. in summer and from 7 A.M. to 5 P.M. from March to August, the pay to be 10s. a day with overtime at the rate of 1s. 6d. per hour. The employers refused these terms and advised shipowners to employ their crews and any general labour they could procure, for the loading and unloading of their vessels. The union replied by a declaration that its members would not work for any stevedore or for the proprietor of an engine, used for loading or unloading, who allowed any ship's crew or other non-union men to work it on the wharves. The employers issued a counter-notice that they would not employ any stevedore or ship-master who

employed a member of the union. The result of the dispute was very different from what the wharf labourers had hoped. The employers were able to obtain enough non-union labour to do all the work of the port, and at the end of September the union withdrew its notices, acknowledging that their issue was "injudicious," and expressed its readiness to negotiate with the employers on the subject of hours and wages. But the employers refused to acknowledge the union in any way, though they were willing to employ unionists if they would accept existing conditions as to wages and hours. The dispute therefore lingered on, until at length the union ceased to exist, having exhausted its funds and lost the bulk of its members.

The wharf labourers' society had been constituted in a peculiar manner. It was a trade union, but the same officials and the same members formed also the "Sydney Labouring Men's Benefit Association," which was registered as a friendly society, the two societies meeting on alternate Monday evenings for the transaction of their respective businesses. It is clear that the object of the founders of these societies was to secure for the funds accumulated for purposes of benefit the advantages offered by the Friendly Societies Act of 1873, while at the same time to make them available, if necessary, for purposes of trade disputes. This design, however, miscarried. The Benefit Association "lent" money during the strike to members of the trade union, and in August 1876 it sued some of these men for the return of sums so advanced. The men contended that the money was to be repaid only if the strike proved successful; the Association claimed that the obligation to repay was unconditional. In the issue the plaintiff Association was non-suited on the ground that a combination, like this union, which coerced its members to hold out against their employers, was illegal, and the money having been lent for an illegal purpose could not be recovered. In this matter the judge followed the decision of the English courts in a case which occurred in 1869. There was not at this time any Act in force in New South

Wales for the registration of trade unions, and the decision just referred to drew attention to the need of such a law. In 1876 a Bill for the protection of trade unions was introduced into Parliament. This Bill, which was modelled on the English Act of 1869, was not passed, and the unions had to wait another five years before registration and protection of their funds were accorded.

During 1876 employment was extremely good, both in town and country, and although immigrants were arriving in large numbers, they were insufficient to meet the demand for labour. In Sydney, building was going on very rapidly ; several large public offices were being erected in the city itself as well as many private buildings, but the greatest activity was in the suburbs, which, owing to the growth of the metropolitan population due to immigration, were increasing enormously.

In spite of the strong demand for country workers, only a very small proportion of the immigrants from Great Britain could be tempted to leave the neighbourhood of Sydney, and it was chiefly on this account that the Trades and Labour Council and other town organizations of working men never ceased to protest against assisted immigration. In order to disperse newly-arrived immigrants into the country districts, the Government arranged that they should be supplied before landing with information as to the demand for their services in different parts of the colony ; and those who desired rural employment were provided with passes to carry them to the railway station nearest to the point where employment could be found. The plan worked well. A large section of the immigrants were country workers, and many availed themselves of the facilities offered by the Government. During 1877 nearly half of the 7000 assisted immigrants arriving in the colony were thus taken out of Sydney to country employments. But the artisans among the immigrants usually remained in Sydney, and during the early years of this period experienced no difficulty in finding employment.

Under the agreement of 1873 between the mine-owners at Newcastle and the miners it had been arranged that the hewing price paid to the latter should be determined by the selling price of coal, and this price was to be fixed by mutual agreement for the members of the associated collieries. For some years the price was kept up as high as possible, and at the beginning of 1878 it stood at 14s. per ton. Several of the collieries in the year named broke away from the association and refused to maintain this price, and, underselling their competitors, they obtained so large a share of the business that the collieries remaining true to their agreement were compelled to work short-time. After much discussion amongst the mine-owners, there was a general agreement that the evils of undue competition would be removed under the vend system, which was accordingly introduced. In order to carry out the agreement, the probable requirements of the year were estimated, and these were divided amongst the collieries in proportions determined by their output during the two previous years. Any colliery raising more coal than its allotted share was required to pay 3s. per ton into a common fund to recoup the collieries which fell short in their output. It was hoped that in this way the temptation to undersell one another would be removed, and that the demand would be distributed more equally over the collieries in the district.

The scheme was drawn up by the owners of the mines, but its success depended on the adherence of the miners being also obtained. The authorities of the miners' unions were therefore consulted and expressed a general agreement with the proposal, which seemed to them to ensure a more general distribution of work amongst the miners, at the same time enabling the owners to maintain the price of coal and pay the high rate of 5s. per ton for hewing that the miners then enjoyed. No difficulty was therefore expected from the miners, and when the scheme was put before them, it was adopted by all except those employed in the Lambton colliery. Attempts were made to induce

the Lambton miners to fall into line with the rest of the district; but, peaceful persuasion failing, the works at Lambton were taken possession of by representatives of the majority on 16th August 1878, who refused to allow mining operations to be carried on unless the vend system was adopted. There was some rioting and the Government sent additional police from Sydney, followed by a small military detachment; but in spite of these precautions the district remained much disturbed during the rest of August and September. Ultimately the Lambton men secured their point and were allowed to resume work, although the vend was not enforced. The men remained in the union; to which they undertook to pay all they earned above eight days a fortnight. Being thus free to accept whatever price they could obtain, the owners of the Lambton colliery were able to secure a large share of the export trade of Newcastle, so large, indeed, that during 1879 most of the mines were obliged to work short-time.

Before long some of the other mines, particularly the New Lambton and the Waratah, repudiated the agreement; it was found impossible to maintain the price of coal or labour, and early in 1880 the price of large coal fell to 8s. per ton and the hewing rate to 3s. 6d. The Australian Agricultural Company, whose coal workings at Newcastle were amongst the most important in the district, now gave notice of its withdrawal from the vend, and this defection brought to an end the agreement of 1878. The miners, who were condemned to spells of enforced unemployment, owing to the unsatisfactory operation of the vend, had been very restive for several months; and towards the end of April 1880 the whole of the miners in the Newcastle district struck for a hewing rate of 4s. per ton when coal was selling at 10s., and for an adjustment of rates according to the sliding scale of 1872, while the employers endeavoured to fix wages at 3s. 6d. per ton while coal was 10s., and 3s. when it fell to 8s. a ton. The strike continued during the whole of May, and an attempt to work the collieries with non-union labour led to serious

rioting. To support the local police several companies of artillery were sent to Newcastle, but there was no occasion for their employment, and their presence gave great offence to the miners. Ultimately, on 9th June, an agreement was arrived at between the contending parties that the matters in dispute should be referred to arbitration and the men should at once return to work. The arbitration did not give the miners what they desired, and the hewing rate for coal won under ordinary conditions was fixed at 3s. 9d. per ton, when the price on shipboard at Newcastle was 10s. per ton, rising 3d. per ton for every shilling increase in the selling price above the rate named. These two disputes, occurring so close together, had a bad effect, many customers were lost to the port, and trade was depressed during the whole of 1880 and for the greater part of 1881.

The agreement of 1880 did not wholly compose the differences of the coal-owners and miners, and small disputes were matters of frequent occurrence. The Newcastle district was a storm-centre during the whole of this period. The miners were, to a man, members of the union, and, comprising as they did a body of skilled men whose services were both of the greatest public utility and almost irreplaceable, formed an ideal force in a labour struggle. It is not therefore surprising that in the serious disputes, which arose later in this period, the Newcastle men were always appealed to and always involved.

Employment remained good in Sydney during 1878, and in the first half of 1879 all the building trades were fully occupied, the construction of the Exhibition building absorbing all available workmen and bringing over large numbers, especially of carpenters, from Melbourne. On the completion of the building wages began to drop, 9s. to 11s. per day became the recognized rates, according to the qualifications of the workmen, ordinary labourers being paid 7s. per day, and there was a considerable amount of unemployment. As early as July 1879 there were meetings of unemployed mechanics in Sydney, and

newly-arrived immigrants from England, who reached Sydney about that time, found it impossible to get work at their trades, and were compelled either to take employment on farms or stations or join the ranks of the unemployed. As the year advanced, unemployment increased, especially amongst unskilled labourers, and there was a general tendency for men to accept rates of wages lower than the unions allowed. Most of the unemployed congregated about Sydney, and on 4th December Parkes, who was then Premier, saw a deputation from 1100 unemployed persons who were asking for employment on public works. Parkes admitted that the labour conditions in Sydney were unsatisfactory, but he made no promise to open relief works. At the beginning of 1880, when conditions had grown much worse, the Government became anxious to get as many as possible of the unemployed to seek work in the country, and various offices were authorized to provide such persons with railway passes and so to facilitate their departure.

A Select Committee of the Legislative Assembly was appointed about this time to inquire into the conditions of employment, and some very interesting evidence was given to this committee by the Secretary of the Trades and Labour Council. According to his statements, 300 stonemasons out of a total of 500 in Sydney were without regular work in their own trade ; and amongst the navvies employed by the City Corporation were a number of skilled artisans. The Secretary of the Sydney branch of the Amalgamated Society of Engineers, in his evidence, stated that his society had 17 men on unemployed benefit out of a total of 275, but of the engineers as a body 30 per cent were out of work. The chairman of the miners' union declared that at nine of the principal collieries the average time worked per fortnight was $5\frac{3}{4}$ days, varying between $4\frac{1}{2}$ and $9\frac{1}{4}$ days, and the men's earnings were not more than 28s. 9d. per week. The statements made by trade officials on occasions of this kind are usually loose and exaggerated, and those made to the parliamentary committee were of

this nature. The unemployment was not as considerable as they desired their hearers to believe. The stonemasons had had a long period of regular work, for the moment interrupted by the completion of two great public buildings, while the estimate of 30 per cent unemployment amongst engineers was simply exaggeration. There was a good deal of short time amongst coal-miners, and $5\frac{3}{4}$ days per fortnight was the actual average during a considerable part of the year 1880. But the explanation of this was well known to the union officials—the strikes had for the time being dislocated the foreign trade of Newcastle ; the demand for coal was therefore greatly lessened, and the miners could not expect again to work full time until the port had regained its old position.

A good many miners during the period of slack trade employed themselves searching for gold, and this partly accounts for the great increase in gold-miners between 1879 and 1880, viz. from 8302 to 13,340, most of the increase being amongst alluvial miners. There was an important discovery of gold at Temora in June 1880, and there was a slight "rush" to the district in consequence, many of the gold-seekers being coal-miners, and mechanics who could not find work at their own trades. There was an increased demand for men in the rural districts, but this was met by newly-arrived immigrants of the farming class. The abundance of labour offering enabled employers to reduce wages, and £35 a year was the usual amount paid to single men, and £45 to £50 to married couples. Towards the close of 1880 there was a distinct revival of trade, in some measure due to the more abundant supply of money and the reduction in the rate of interest. The Government was again active in the construction of public works, and the bulk of the artisan class were able to find employment, but there were still large numbers of unskilled labourers out of work.

The improvement in the industrial conditions of the colony continued, and in May 1881 the supply of skilled labour was below the demand. The census of 1881, which

for the first time gave a return of the number of persons unemployed, estimated them at 9813, of whom 8039 were males. This represents about 3 per cent of unemployment, including the adult sick as unemployed. Practically, therefore, every person who desired work and was fit to do it found employment, and this satisfactory condition continued throughout 1881 and the succeeding year. Wages, however, remained unchanged, being practically the same throughout 1881 and the greater part of 1882 as they were in 1876. In September 1882 various strikes occurred in Sydney for higher wages, it being alleged by the strikers that there had been an increase in the cost of necessaries during the previous few years. This was only partially true. There had been a substantial increase during the year in the prices of meat and dairy produce, and house rent had risen, but in most respects the cost of living had been declining for nearly ten years. The working classes, however, were unsettled by the general prosperity, which gave them, it is true, full employment, but had not given them larger wages. In the majority of cases the strikes were successful. The ironworkers gained an extra 1d. per hour, the operative painters 1s. per day, and other trades obtained similar concessions; but the wharf labourers, who in November 1882 demanded an increase of pay from 1s. to 1s. 3d. per hour, were unsuccessful, and after a brief strike resumed work at the old rates on 6th December.

Nearly all skilled trades obtained an increase of wages during the latter part of 1882, and the higher rates were maintained throughout 1883. The following may be taken as the average wages paid in the building trades:—

| | s. | d. |
|-------------------------------|----|----|
| Stonemasons | 11 | 6 |
| Bricklayers | 12 | 6 |
| Carpenters | 11 | 0 |
| Joiners | 11 | 0 |
| Plasterers | 12 | 0 |
| Painters | 11 | 0 |
| Builders' labourers | 9 | 0 |

These were the highest wages paid in these trades since 1857, and there was ample employment.

The iron trades were also busy and drawing improved wages, turners being paid 1s. to 1s. 5½d. per hour; fitters, 1s. to 1s. 5d.; blacksmiths and shipsmiths, 1s. to 1s. 6d.; and general labourers, 9d. to 10½d. per hour. The range in the hourly rates indicates the differences in the qualifications of the workers. Ordinary wharf-lumpers received 1s. per hour; coal-lumpers, 1s. 6d.; ordinary labourers and navvies, 1s.; and brickmakers, 23s. 9d. per thousand bricks.

Throughout the whole of this period there was a great and unsupplied demand for women servants, and wages rose rapidly. Housemaids who were paid 9s. a week in 1872 received 10s. 6d. in 1873, 11s. in 1875, 11s. 6d. in 1876, 13s. in 1882, 13s. 6d. in 1887, and 14s. in 1889 and the two following years; laundresses' wages rose in much the same way from 10s. 6d. in 1872 to 18s. from 1887 to 1891; general servants' wages rose from 10s. in 1872 to 16s. 8d. in 1887, which was their highest point, falling away to 14s. in 1888, at which rate they remained until 1891. Cooks were paid 10s. 6d. in 1872, and in 1889 their wages had risen to 25s. a week, remaining at this level until 1892. Nursemaids were ordinarily paid 7s. 6d. per week in 1872, which was gradually increased to 11s. 6d. in 1879; at this rate their wages remained until 1889 when they fell back to 8s. 6d. Although there was a good deal of immigration during the period, this did not greatly increase the supply of domestics, as most of the young women who arrived had been nominated by their friends, and became merged in the general population as soon as they reached the colony.

After 1881 there was a marked improvement in the wages of rural workers owing to the difficulty employers experienced in retaining their men, who were tempted to seek employment on one or other of the numerous public works then in progress. In 1883 the following were the rates usually paid :

| | |
|--|------------|
| Married couples, per annum | £65 to £85 |
| Single farm labourers, per annum | 40 „ 52 |
| Boundary riders, per annum | 40 „ 52 |
| Stockmen | 40 „ 75 |
| Shepherds | 35 „ 45 |

The year 1883 ended in a severe drought, which reacted at once upon the labour market, not by lowering the current rates of wages, which remained unchanged in spite of the efforts of employers, but by a diminution of employment both in the towns and country districts ; the only species of labour for which the demand was maintained being domestic service.

In April 1884 meetings of the unemployed began to be held in Sydney, and these became a daily occurrence towards the end of the month. A deputation from one of these meetings handed to the Colonial Secretary a list of 782 persons who were reported as unable to find work. Included amongst these were many of the chronic unemployed, but a considerable number of artisans also. In order to relieve the situation the Minister for Works ordered that certain works not far from Sydney, upon which any able-bodied men might be employed, should be put in hand early in May. A registry office for the unemployed was opened, and arrangements made for the despatch of all willing to accept employment. Many, however, refused work at the piece rates offered, which were estimated to yield about 5s. a day, and demanded 8s. a day, the current wages of general labourers. Nevertheless, about 700 men accepted work and were employed road-making. There were still many unemployed in Sydney, and the old police barracks were roughly fitted up to serve as a sleeping-place for such of them as were homeless ; in this way about 200 men were accommodated nightly. The majority of these were evidently not desirous of obtaining employment, being content with their nightly shelter and one meal a day ; after a fortnight's experience the Colonial Secretary ordered the stoppage of charitable relief, stating that, as the men had refused work, they would have to shift

for themselves. The registration office for unemployed was reopened early in June, and in spite of the large number provided for about a month before, some 600 men registered themselves for employment during the first four days that the office was opened. Of these about one-quarter were pick-and-shovel men, one-half general labourers, and the rest belonged mainly to the building and iron trades. There was no demand for any but agricultural labourers, and after some 150 men had been sent to private employers in the country, relief works, chiefly clearing scrubby lands, were opened at Bankstown to absorb the balance. Work, however, was restricted to married men ; these were provided with blankets, tents, and tools, and paid 5s. a day, less 1s. 3d. deducted for food where this was supplied ; and 2s. 6d. a day or more, as might be directed, was paid to the men's families in Sydney. In this way 400 men were provided for, and by increasing the number of men at work on the roads, the bulk of the unemployed, who were willing to accept low-paid work, were dealt with. As the summer approached the demand for country labour grew, and drew off the greater part of the men employed in road-making, so that at Christmas 1884 only 180 men remained on the relief works. As most of these had refused to accept offers of work in the country districts at 20s. a week with rations, the Government decided to close all relief works except those at Bankstown, which were continued for three months longer, as a concession to men with families, who might find it difficult to leave the city at short notice. But early in 1885, employment being then fairly good, these relief works were closed.

During 1885 there were many strikes, none of which, however, had an important effect on trade, but two are remarkable in the light of after events. One of these was directed against the employment of Chinese labour on a steamer, the engineers, who were all union men, demanding the dismissal of the Chinese and their replacement by white labour. The strike proved unsuccessful, as the

engineers were readily replaced by non-union men. In October 1885 the wharf labourers at Newcastle struck for an increase of wages from 1s. to 1s. 3d. per hour. After the lapse of a fortnight the wharf labourers saw that they could not succeed unaided, as unskilled labourers were without difficulty being obtained to replace them. They appealed, therefore, to kindred workers to strike also, and the coal-trimmers, to the number of about 1000, the crane men, and some wool-pressers responded to this appeal. This was the first "sympathetic" strike in the history of Australia and deserves notice, as this method of attack became one of the chief features in the industrial struggles which occurred before this period closed. This united action on the part of the men alarmed the employers, and the Steamship Owners' Association of Melbourne and Adelaide, which was the most important body affected, suggested reprisals. The labour organizations were not prepared for an extensive struggle, and the coal-trimmers were informed by the Trades and Labour Council that, having struck without proper authority, they must at once return to their employment. Shortly afterwards the strike collapsed, and the wharf labourers went back to work on the old terms.

The demand for labour began to decline early in 1885, although there was no decrease in wages, the masters contenting themselves with discharging the slower and inferior workers, and towards the end of the year there was a considerable body of unemployed in and around Sydney. Early in 1886 there were various meetings of the unemployed, and on 6th March a deputation from one of these meetings interviewed Dibbs, who was then Colonial Secretary, and demanded work. The Minister expressed his willingness to establish temporary relief works; and an official who had had experience on such works in Ireland was instructed to arrange for the employment of men in clearing some large areas of Crown land adjacent to Sydney. The immigration agent was again empowered to give railway passes to any persons who desired to seek work in

the country districts. About 200 applied for passes, and before the end of the month 500 men were employed scrub-cutting. The relief works furnished employment for about the same number during April and May, and in June, when the gold rush to Kimberley in Western Australia began, there was a little movement of population westward, but not sufficient to give relief to the Sydney labour market. After the middle of the year conditions grew steadily worse. The iron trades suffered perhaps more than any other industry, as the masters reported that they had work for only half the usual number of hands. The relief works were therefore continued and considerably extended. Towards the end of September 1886 Sydney again saw the sorry spectacle of large bodies of unemployed parading through the streets. On 26th October Dibbs again met a deputation of the unemployed, from whom he learnt that 2500 to 3000 men were in need of work. The Government undertook to set public works in hand as rapidly as possible; meanwhile about 200 men were put to work at South Botany, to clear land proposed to be set apart for noxious trades, and rations were given to all destitute persons who cared to claim them; 800 rations were daily issued during November. Notwithstanding the deplorable condition of so many persons, several hundred immigrants who arrived from England in November found immediate employment. The immigrants belonged to classes much needed in the colony, viz. farm labourers and domestics, the men obtaining £30 to £35 a year with rations, etc., and the women from 7s. to 12s. per week. The drafting of men to relief works and the issue of free passes along the Government railways were continued during November 1886, and with such apparent success that on the 6th December the Government relief dépôt was closed, as all applicants for relief work had been provided for in one of these ways.

The year 1887 opened unpromisingly. The Government was again providing work for large numbers of men, and in town private employers were more inclined to

reduce than extend their operations. In the mining districts also employment was bad. The Illawarra coal-miners had been on strike during the last half of 1886 against a reduction of wages, but their struggle was hopeless, as the owners found no difficulty in filling their places at the reduced rates, and the displaced miners migrated to the Newcastle district or joined the ranks of the unemployed in the neighbourhood of Sydney.

The men on the relief works were employed clearing off scrub and young timber from public lands. The work was inefficiently carried out, and usually cost from £2 : 10s. to £3 : 10s. an acre, which was considerably more than the land would have been worth if the clearing operations had been properly performed; indeed the work was altogether fruitless, as, after clearing, the land remained unused, and after a few years was again closely covered with useless timber. There were some 1200 men on relief works in January 1887, and there were large numbers of unemployed mechanics who would not go to the relief works; amongst these there was some acute distress. On 21st February a deputation waited on Parkes, who was again in office, and a promise was made that ample rations should at once be given in all urgent cases of distress, and as soon as possible some public works should be put in hand, the construction of a railway to the Field of Mars being one of the works mentioned. Immediately on this announcement there was a rush for relief; 245 married men received orders for meals for themselves and their families, and 1355 single persons also received relief, during one day. Not all these people were destitute, but that there should have been so many applicants for relief indicates the extent of the unemployment that existed in the neighbourhood of Sydney. The men on the relief works opened during 1886 were paid at first at the rate of 5s. per day, and it was notorious that the work done was inferior and more costly than if the ordinary rates had been paid; and in opening new work for the benefit of the unemployed, the authorities determined that the labour employed should be paid by the

piece. When this determination was made known, a deputation of the unemployed waited upon the Premier (24th February 1887) with a demand that the Government should guarantee a wage of 6s. per day to all who accepted employment. This demand was refused, and in consequence only about 150 men went to work ; these were, however, joined by about 350 more when it was made plain that the Government intended to remain firm. Large meetings of the unemployed were held daily to insist on the 6s. a day minimum, and a deputation was sent to Parkes to enforce this view. Parkes, however, had made up his mind to adhere to the system of payment by piece-work, but he saw that so long as the indiscriminate distribution of rations was continued a large number of the unemployed would not leave Sydney. He therefore told the deputation that he proposed ordering the discontinuance of the grant of free rations, except in urgent cases, and that men who wanted Government aid would have to take the work that had been offered. This answer almost caused a riot. The men marched in procession to Government House, where they were not received ; they then marched back to the Premier's office, where Parkes refused to see them, and eventually the police were called and the gatherings dispersed. A few weeks later Parkes agreed to receive another deputation from the unemployed, but fortified by reports from the officers of the Government that the actual earnings of the men on relief works, who were paid by the piece, were 5s. $2\frac{1}{2}$ d. per day, he refused to entertain the idea of paying them a daily wage.

In the face of so much unemployment many trades found it impossible to maintain even their nominal rates of wages. In February 1887 the men employed by one large firm in Sydney agreed to a 5 per cent reduction, and the brass and copper workers, the tinsmiths, brickmakers, coachbuilders, and other trades also consented to a like and in some cases a greater reduction ; but building mechanics and the iron trades generally maintained their nominal

wages in spite of considerable unemployment in their ranks. In Sydney the rates for these trades were :

| | |
|---|------------------------------------|
| Stonemasons, per day | 10s. |
| Carpenters and joiners, per day | 9s. to 11s. 6d. |
| Plasterers, per day | 11s. |
| Bricklayers, per day | 11s. |
| Plumbers, per day | 10s. to 11s. |
| Masons' and bricklayers' labourers, per day | 8s. |
| Iron turners and fitters, per hour | 1s. 2d. to 1s. 3d. |
| Iron moulders, per hour | 1s. 2d. to 1s. 4d. |
| Labourers (iron trades), per hour | 8 <i>3</i> ₄ d. to 10d. |
| Unskilled labour (general), per day | 7s. to 8s. |

At the beginning of May, as the difficulties with the unemployed had greatly increased, the Government established a Central Relief Board to take charge of the relief works and supervise the distribution of relief, which was now beyond the capacity of the charitable organizations to cope with. In June, some 4200 men were employed by the Board, of whom more than one-fourth were recent arrivals, and, as a warning to intending immigrants, the leading newspapers declared that "no new arrival can look to the certainty of securing work at any price in many trades." The relief works were established at no great distance from Sydney, and the men were put to the task of clearing Crown lands of scrub, and making roads. There was no pretence that the work was really useful, and the system of relief works was condemned alike by the press, the public, and a section of those engaged on these works. Nevertheless in August (1887) a deputation from the relief camps waited on Parkes, complaining of the way in which the works were conducted, and asking for a fixed daily wage and for rations when work was not obtainable. Parkes, who had always regarded the works as a waste of public money, expressed his mind very freely to the deputation. He affirmed that the opening of the works

had been a great mistake, declared his belief that the men could find work with private employers, if they exerted themselves and were willing to take anything that offered, and expressed his determination "to abolish the whole system as rapidly as possible." Amongst the better class of workmen, even amongst those who were unemployed, there was also much opposition to the system of relief works. They saw with regret that public money was being spent upon useless works, to provide a mere pittance for those who were employed, and that the effect of the system of relief would be to lower the standard of life of the men, and to attract into Sydney from other parts of New South Wales and from the neighbouring colonies a large number of men to whom the life of rough camping, little work, and low wages was quite acceptable. Nevertheless, the Government was compelled to continue the works for some time longer, as it had no means of dispersing the men.

The largest number of men employed at any one time on the relief works was about 5700, but there was much coming and going, and some 2000 others had been employed from time to time. Parkes' open opposition had silenced the agitation for regular wages and for rations when not at work, and all the better class of men withdrew themselves from the camps and sought other employment. By March 1888, without much improvement in the labour conditions of the colony, the number of men in the relief works had fallen to between 1500 and 1600.

At the beginning of 1888 there were indications that improved labour conditions might be expected. The iron-masters had good orders in hand, and the carpenters and joiners were so much in request that they demanded an increase of wages from 9s. to 9s. 6d. per day, which they obtained after a short strike. But these indications did not long continue. The coal-miners at Newcastle had been in a condition of unrest for months, and were restrained with some difficulty by their leaders. It will be remembered that in June 1880 the colliery proprietors and

the miners had agreed to refer their differences to a court of arbitration, but this did not prove satisfactory to the miners, as the arbitrators were accused of leaning towards the mine-owners, and after a short trial the arrangement lapsed. Early in May 1888, disputes arose at the South Waratah and two other collieries, concerning payment for the removal of refuse in coal seams, and as the owners would not give way the men struck. In this dispute the miners were supported by their union. After the strike had continued for about nine weeks, the miners sought to obtain a new agreement, and on 22nd July 1888 a conference was held between their representatives and those of the employers' association. The miners submitted a scheme of working which followed very closely the lines of the agreement adopted in 1873. The employers asked for time to consider the matter, and a further conference was arranged for a fortnight later. On 28th July, however, the miners held an aggregate meeting, and resolved that, if the scheme put forward by them were not accepted, there should be a general strike. Consequently, when the employers' representatives met the miners again, they demanded, as a step preliminary to further discussion, that this resolution should be rescinded, as it was "a threat to coerce them." This demand was refused, and after taking a ballot the miners gave fourteen days' notice of a strike.

During this interval great efforts to avert the strike were made. A citizens' conciliation committee was formed, and both sides were entreated to come to terms. However, these well-meant efforts proved unavailing, and on 24th August the miners struck. A few collieries remained at work, their owners not being members of the employers' association, but these collieries were not important, and there was almost an entire cessation of the coal trade of Newcastle. The strike entailed immense loss and inconvenience, not only upon the mining district immediately affected, but upon the whole of New South Wales and Victoria. The employers decided upon working their mines with non-union labour, and some men were brought

to Newcastle for this purpose. Their appearance at the mines was greatly resented by the miners and was followed by disorder and rioting. Parkes, who was Premier, at once sent troops to the disturbed district, and thereby greatly incensed the miners. On 18th September a riot occurred at Adamstown, for participation in which several men were arrested and put on their trial. The Government, however, failed to obtain their conviction, and a similar result followed a month later, when some men were arrested in connexion with a riot to oust some non-unionists working at the Wallsend colliery.

All this time the colliery proprietors professed anxiety to come to terms with the miners, and had drawn up a form of agreement which they were willing should form the basis of discussion, if the men returned to work. The miners on their part were anxious for the conclusion of the struggle. The strike was not declared over, but, after an informal conference, it was discovered that both sides were willing to make concessions, and the employers' agreement, with some variations, was submitted to a ballot and accepted by a comparatively small majority of the men on strike. The new agreement was signed on 10th November 1888. It provided for the payment of a hewing rate, varying with the selling price of coal. The standard rate was fixed at 4s. 2d. per ton, when round coal was selling at 11s. per ton. This rate was to be increased or lowered according as the price of coal rose or fell, the alteration in the hewing rate being 1d. per ton for every change of 3d. in the selling price, but no reduction in the hewing rate was to be made if coal fell below 9s. per ton. The lowest rate to be paid for getting round coal was 3s. 6d. per ton. Proportionate rates were fixed for getting small coal; the "standard seam" was also defined in the agreement, and additional payments were arranged for the work of removing refuse from seams which were not equal to the standard. It was also agreed that disputes should be referred to a referee having no personal interest in the mines, whose decision should be final.

The coal strike had a most adverse effect upon employment in Sydney, and the check to the land and building boom which occurred during the last quarter of 1888 was a further cause of unemployment. The pastoral and agricultural industries prospered during the year, and there was a well-sustained demand for rural workers which was not fully met. The Central Relief Board continued to deal with the unemployed, but the spectacle of a short supply of rural labour and the employment, on relief works, of men well qualified for such labour had an irritating effect on public opinion, and when in January 1889 Dibbs became Premier, the following Cabinet minute was recorded: "The Cabinet has had under serious consideration the question of the unemployed and the Casual Labour Board, and has decided in view of the evidence given at a Select Parliamentary Committee, and having regard to the unsatisfactory working of the existing Board, to determine the labours of the Board." Steps were taken at once to discontinue the relief works, and the Board ceased to exist.

The men who had applied to the Board were as a rule general labourers, and the great mass of them were undoubtedly thrown out of work by the change in the Government's policy of public works between 1885 and 1888. In 1885 the public works expenditure of the Government amounted to £5,250,000, and in 1888 it fell to £2,700,000. This meant the throwing out of employment of 15,000 men. Had the ordinary labour market been in a flourishing condition, such a decrease in the labour employed by the Government must have produced some lowering effect, but as the reverse was the case, the men could not find employment at all, and crowded into Sydney to demand help from the Government.

In January 1889, when the relief works were closed, the condition of the labour market seemed to be fairly satisfactory. This was mainly due to the previous good season, but in March the unemployed in Sydney grew importunate once more. The Dibbs Government had

lasted barely two months, and Parkes was again Premier. He refused absolutely to start relief works, but, in order to absorb the unemployed labour, he promised that public works would be undertaken as rapidly as possible. He was obliged to go further and to give relief to those who were destitute, and in June 1889 hundreds of men were being supplied with shelter and food at the public expense. The increase of expenditure on public charities during these years was enormous. In 1877 it was £138,941, in 1889 £247,591, and in the same period the inmates of charitable institutions had increased in number from 13,402 to 23,893, and the recipients of outdoor relief (apart altogether from the exceptional unemployed relief referred to above) from 10,318 to 42,270.

During 1889 there were very few industrial disputes of importance, but there was a great deal of activity in the trade union world, especially among the shearers, the miners, and the men in the maritime trades. The Australian Shearers' Union had come into being in 1886, and, during 1887 and 1888, it had been doing its best to secure for the shearers higher rates of pay and better conditions as to hut accommodation, rations, fines, and other matters of great importance to them. The union had dealt during these years with the individual pastoralists, but in 1889 it made an effort to secure a uniform agreement between shearers and their employers. The conditions demanded by the shearers were discussed at a joint meeting of the Pastoralists' Union and the Australian Shearers' Union at Wagga in February 1889, but a settlement was not arrived at. Nevertheless, the union continued to press its requirements upon individual pastoralists during the remainder of the year, and, although there were some disputes, these were not important, and the shearers' conditions were generally adopted.

The silver and lead mines of Broken Hill had grown into importance very rapidly, and the miners employed in them were amongst the best-paid workers in Australia. The Amalgamated Miners' Association, to which belonged

the bulk of the metalliferous miners of New South Wales, Victoria, and South Australia, was a very strong body, and nowhere was it stronger than at Broken Hill. Amongst the 5000 men employed in or about the mines were some 300 non-unionists, whose presence on the field greatly irritated the unionists ; and in May 1889 the latter published a declaration that, after the expiration of six months, they would no longer work with persons who were not members of the Amalgamated Miners' Union. This notification had the effect of bringing into the union or of driving away from Broken Hill the majority of the non-union men ; nevertheless, at the end of the six months there still remained about 100 men who declined to join the Amalgamated Union. Immediately on the expiry of the period of grace allowed, the unionists refused to go down the mines while these men continued in employment, and as the managers declined to dismiss them, a strike was declared on 7th November 1889. For a few days it seemed as if the strike would be a very serious matter, but the directors had pressing reasons for not wishing to see the output of the mines curtailed. They therefore hastened from Melbourne, then the headquarters of the management, and speedily arranged a settlement, by which it was provided that the Barrier should be made into a separate trade union district, and that the overseers, the smelters, and other tradesmen employed should be at liberty to join unions of their own, and not be compelled to enter the miners' union. So much being conceded by the miners, the directors were compelled to agree to deduct the trade union fees from the men's wages and hand the money to the union officials. In this way the employment of non-unionists was provided against, as well as the possibility of a member falling into arrears in his contribution to the union funds. The strike ended on 15th November, and was probably the greatest triumph ever won by a union in Australia.

During the summer of 1889-90 employment improved once more, and there seemed a prospect of some revival of

prosperity, when the industrial world was agitated by a series of strikes, covering the remaining years of this period. A narrative of the origin and development of these strikes will be found in the following chapter.

The maritime strike lasted from the middle of August until 7th November 1890. The seamen and wharf labourers were directly involved, but the carrying trades generally were also affected, as well as the miners and shearers. A strike covering so wide a field naturally affected employment in other trades, many businesses were almost suspended, and even when the strike was over labour remained in a most unsettled condition. The early months of 1891 were marked by an extensive strike of shearers in Queensland, which was prevented with no little difficulty from spreading through New South Wales. In addition to these labour troubles, business was greatly hampered by the difficulties which now beset the money market owing to the failures of the land and building societies, so that during 1891 there was much distress throughout the colony, especially in Sydney, where the unemployed had once more begun to congregate. Towards the end of 1891 there was a fall in the current rates of wages, which, however, was not very marked, and chiefly affected the rates paid to unskilled workers in the towns. But although skilled workers generally maintained their rates of pay, their earnings were irregular. A good deal of pressure was put upon the Government to establish relief works, but it refused to do this, although it provided nightly shelter for several hundred men on the wharves and food for a large number of destitute women and children. This relief was continued during May, June, July, and August. Amongst the men claiming assistance were the usual number of loafers and unemployables, but that there were others of a different class may be gathered from the fact that, as summer approached and employment in the country districts became more abundant, the unemployed trouble in Sydney was reduced.

Towards the end of January 1892, however, the unem-

ployed agitation began again, and the distress was much greater than in the previous year. The labour struggles of 1890 and 1891 had dislocated business, the land boom in Victoria was spent, and all its bad effects in diverting capital from legitimate enterprise were beginning to be plainly seen. The English banking difficulties added to the unsettled state of Australian trade, cutting off the flow of English capital to private undertakings as well as to the Colonial Governments. Everywhere there was a great slackening of industrial enterprise, and with it a change in the demands of the unemployed. There was now no longer a cry for the opening of relief works or even for the vigorous prosecution of public works ; the unemployed and others suffering from the bad state of trade now sought a remedy for their condition in free access to the vacant public lands. They asked that grants of Crown land should be assigned to small bodies of them, upon which they could settle in socialistic communities, toiling for the common good and sharing in the common gains. The idea had been made popular by Lane, who was by this time engaged in arranging for his settlement of New Australia. This method of dealing with the unemployed was adopted to a small extent. Agricultural settlements were formed, the payment for the land and capital advanced by the Government being delayed for some years. These experiments were not carried far and did not prove successful, the Government itself gave the communities a considerable amount of assistance, but the public generally was unsympathetic.

In February 1892 a Government labour bureau was set up in Sydney, in the expectation that a free labour office of this kind would find employment for some of the unemployed congregated in Sydney. On the day it was opened some 1300 men registered themselves, and the number was added to daily. The bureau found little favour with the parliamentary Labour Party and the Trades and Labour Council, principally because it made no attempt to enforce trade union rates of wages ; but it was also accused

of allowing itself on many occasions to be used to supply labour in place of strikers. This accusation was untrue, or true only to a very slight extent, as it is certain that the officials did not at any time knowingly provide employers with strike-breakers. The bureau was authorized to give free railway passes to men who had obtained engagements in the country and had not the means to pay their fare, and this fact naturally increased the number of applicants who sought its assistance. From the opening of the bureau on 19th February 1892 to the end of August, or for a period of little more than six months, nearly 14,000 men registered themselves, and of these about 6000 obtained employment, a large proportion being men who had obtained work on stations through the office of the Pastoralists' Union, and who registered at the bureau with the object of obtaining free railway passes.

The failures amongst the land and building societies which occurred during the year brought to want many families, especially of the artisan class, and their condition was aggravated by the almost entire cessation of building which followed these failures. The improvement in trade which was expected as the summer approached did not occur in 1892, and early in December there was almost as much unemployment as in the winter.

During the whole of the year 1892 there was constant friction between the pastoralists and the shearers; the wharf labourers and their employers also had difficulties. In other circumstances there would have been strikes, but the unions were impoverished, and the men recognized that, with such a general slackness of trade, to enter upon a struggle with the employers was to court defeat. Thus in August 1892 the officials of the Wagga branch of the General Labourers' Union issued a circular on the suggested attempt to raise the wages of shed hands and labourers to the rates formerly paid; in this they deprecated any organized movement for the purpose, and said plainly that, with three men waiting for the work of one, it was unreasonable to suppose that wages could be raised by a

strike. The large mass of idle labour was a menace to all unskilled workers. There was much of such labour to be found in New South Wales, but in Melbourne there was a still larger quantity, and the employers drew upon it when disputes occurred.

These considerations, which effectually deterred the pastoral and maritime workers from striking, applied with less force to the miners at Broken Hill. The silver field was regarded as a stronghold of trade unionism, and agreements had been made in 1889 and 1890 under which trade union labour only was employed, the working day was limited to eight hours, and a time rate of wages was paid. In addition, both mine-owners and men had bound themselves to refer any matters in dispute to arbitration. The mine-owners had made these agreements under compulsion, and seeing so large a body of unemployed labour in all parts of Australia, they felt in a position to attempt to obtain a modification of terms in accordance with their wishes. Consequently in June 1892 notice was given by the owners that they would terminate their agreements with their men on 30th July following, their intention being to substitute piece-work rates of wages for the time rate. To this alteration the miners objected strongly ; they declared that such an alteration ought to be referred to arbitration under the agreement, and, by way of protest, they struck work at the beginning of July. On 4th July the mines were all idle. The men felt themselves in an exceptionally strong position to resist their employers. All the miners were unionists, and while the union had large accumulated funds, many of the men had private savings which would enable them to hold out without falling back on the union ; the miners constituted almost the whole population of the district, and there was no surplus labour nearer than Adelaide or Melbourne which could be drawn upon to work the mines. At the outset the mining officials established themselves in the mines with a few workmen, mostly foremen, who threw in their lot with the employers. The miners on their part set

round the mines a cordon of pickets, not only to prevent men from seeking employment, but to stop food supplies reaching the mines, and storekeepers were warned that it was not advisable to supply food to the families of men at the mines.

The mine-owners made no attempt at first to introduce non-union labour, but they called on the Government to protect them against illegal picketing, and in response to their request an additional force of police was sent to Broken Hill. The reinforcement of the police led to a serious disturbance on the part of a section of the strikers, some of whom were arrested and punished. All the mines at Broken Hill were on lands leased from the New South Wales Government, and one of the conditions of the leases was that the mines should be worked continuously, on pain of forfeiture. The strikers were hopeful that the fear of forfeiture would put a term to the ability of the mine-owners to withstand them; in this they were disappointed. The strike commenced on 4th July, and on 4th August, when the leases became liable to forfeiture, the Minister for Mines suspended the labour provisions of the leases. This was the only reasonable course the Government could take, as the enforcement of the provisions in regard to labour would have led at once to an attempt by the mine-owners to introduce non-union labour.

In the middle of August a very heavy fall in the price of silver occurred in the London market, and this produced an immediate effect on the price of silver-mining securities. In four of the principal mines at Broken Hill the nominal value of the shares fell in one day from £3,834,000 to £2,891,000. This enormous fall, showing the serious depreciation in silver, was not without its effect on the strike. The mining directors were convinced that, as long as the price of silver continued so low, it would be impossible to maintain the rates of daily wages as they existed at the time of the strike, and, though anxious to bring the dispute to an end, they determined to persevere in the course they had decided upon when they gave notice

of their withdrawal from the agreements of 1889 and 1890. On 17th August 1892 the Barrier Ranges Mining Companies issued a notice declaring that while the old schedule of wages for daily work would remain, "contracts for breaking ore and other material above and under ground would be let at per cubic yard, per ton, per set or otherwise, at the discretion of the managers," and intimated that the bulk of the work would be let in this way by private agreement. The mines were to be opened for work on 25th August, and a preference would then be given to all good and efficient workmen, who had been previously in the companies' employment. It was added that "the mining companies have no objection to the men belonging to unions, but the mines and management cannot be subject to union rules and regulations."

On the day appointed for reopening the mines about 200 men returned to work on these terms. As all the mines were strongly picketed this led to some rioting, and extra police were sent from Sydney. The number of men at work was hardly increased during the first fortnight after reopening, and on 10th September a number of non-union labourers, mostly recruited from Melbourne, were taken to Broken Hill, which led to further serious rioting. On 15th September additional police reached the mines, and the authorities felt strong enough to arrest the principal leaders of the strikers, including Sleath, the secretary of the union. These were charged with "conspiring seditiously against peace and good order, preventing Her Majesty's subjects from following their lawful occupations, and for causing breaches of the peace." The police followed up the arrest of the leaders by warning the pickets to leave the mines, and all aggressive action by the pickets ceased. Although they saw their places being taken by non-unionists, very few of the miners returned to work, and the mine-owners determined to make up their requirements by further importations. Accordingly on 30th September another train-load of men were brought from Melbourne. There was some disorder on their arrival, but

the police were now in such force that rioting on any large scale was impossible.

Deprived of their leaders and beginning to feel seriously the need for money, the miners before long began to disagree among themselves. A number broke away and formed a new union, and this body issued a manifesto on 11th October stating that "every day proves that we cannot hope for victory . . . it is time to seek out some means for bringing the mine-owners and miners together." The other union, the Australian Miners' Association, had applied already for conciliation under Barton's Conciliation Act, but the mine-owners replied that they had no dispute with their workmen and nothing could be done.

On 13th October the Labour Defence Committee offered to withdraw all pickets and to send delegates to meet the directors, provided that the manifestos on both sides were withdrawn and an open conference agreed to. The mine-owners declined the offer, and this led again to serious riots on 15th October. A week later a specially convened meeting of the miners expressed a desire to refer the dispute to a Council of Conciliation, but this application could not be taken seriously. Sleath and Ferguson, who were both awaiting trial, had been named as conciliators. At the end of the month the trial was held at Deniliquin; Sleath was sentenced to two years' imprisonment with hard labour, and the others to shorter periods.

On 6th November the strike was declared officially to be over. It had lasted eighteen weeks, during which time all trade in the district had been paralysed. Owing to the condition which the mines were in, and the amount of outside labour which had been introduced, many men were unable to obtain employment. The fall in the price of silver also prevented the reopening of some of the less productive mines. There was therefore a large body of unemployed at Broken Hill, most of whom were practically destitute, having spent all their savings during the strike; an estimate made at the end of November showed that about 3000 men were still without work. The "Defence

Committee," which after the strike was over had adopted the title of "Relief Committee," used its remaining funds in supplying food to those who required it ; but it was not able to do much in this way, and on an appeal being made to the Government, early in December, Dibbs asked the South Australian Government to help him by facilitating the employment of men from Broken Hill in the harvesting operations about to be commenced. The South Australian Government, however, refused its assistance, on the ground that such labour was not required. South Australia had suffered very severely from the effects of the strike, and public feeling in the Province had been generally adverse to the conduct of the New South Wales Government in its treatment of the miners. There was on this account little disposition to relieve the colony of any of the evil after-effects of the strike. The Superintendent of the Sydney Labour Bureau was then sent to Broken Hill, to take such steps as might be possible to relieve the Government and the town of the remainder of the unemployed. In about a fortnight he was able to return, having induced the mine-owners to take some of the men back ; he also provided more than 500 others with railway passes so that they might leave the colony. The majority of these latter went to South Australia, where they remained, finding work gradually in employments other than mining. There was a still larger number for whom nothing was or could be done, and for many months labour at Broken Hill was greatly in excess of the requirements of the mines.

In Sydney itself the number of unemployed, judged from the registrations at the Labour Bureau, fell off during the summer of 1892-93, but it was only a temporary respite, as in May 1893 the applicants at the Bureau were more numerous than at any previous period. There had been a good deal of adverse criticism in Parliament as to the manner in which the Labour Bureau had been conducted, and in May 1893 an inquiry was held into its working. The evidence showed that there was a plentiful lack of wisdom

in some of its methods ; nevertheless it was fulfilling a function of value to the community. The Bureau was therefore continued, but in order that there should be no incitement for the unemployed to gather about Sydney, branches were formed in other parts of the colony. It cannot be claimed that any of these branches did useful work. This was rather to have been expected, as the business of finding work for the unemployed was regarded more in the light of removing an eyesore, than as a duty to the unemployed themselves and to the community as a whole.

The harvest of 1892-93 was excellent, but agriculture was not then of sufficient importance in New South Wales to afford much relief to the labour market, and whatever hopes may have been built upon it were shattered by the banking crisis, which was in full progress during the earlier part of 1893 and reached its acute stage in April of that year. The banking failures were a catastrophe which filled the whole atmosphere with doubt and alarm, and not only caused great difficulty and distress by the temporary closing up of many banking accounts, but curtailed employment in every branch of industry and commerce. The mercantile community met the disaster with excellent spirit, but the effect upon labour was profound. Nevertheless, in the middle of June the Sydney papers were congratulating the country on the marvellous disappearance of the unemployed. "As a burning question," said the *Herald*, "it has comparatively disappeared," and there was nothing to compare with the hosts of unemployed in Sydney in the previous year. The disappearance of the men from the streets, as organized crowds, was mainly due to the fact that agitation for public relief was felt to be useless ; the men unemployed were turning to whatever work they could find, and readily accepting wages they would have scorned previous to the crisis. But unemployment existed as acutely as ever, though it was for the time acquiescent and unaggressive. In July 1893, 7000 men, not including those on strike, were registered as out of

employment. Large numbers of men were given free passes and miners' rights, and were otherwise assisted to engage in fossicking for gold in the rivers and creeks, and the relief to the labour market obtained in this way was very great. In 1892 the alluvial miners were estimated by the Mines Department to number 4000; in 1893 this number was increased to about 6500, and in 1894 to considerably over 11,000.

On all sides there were reductions of wages; most of these were quietly agreed to, but occasionally there was a strike, which invariably proved unsuccessful. On 4th July 1893, 1500 seamen in Sydney struck against a reduction of wages of £2 per month; the shipowners filled the places immediately and without difficulty at the lower rates, and though the strike continued nominally for two months before the men gave way, the shipowners suffered no inconvenience.

The rates of wages current in the latter part of 1893 were as follows:

| | s. | d. |
|--|----|----|
| Carpenters, per day | 9 | 6 |
| Blacksmiths, per day | 8 | 0 |
| Bricklayers, per day | 9 | 6 |
| Masons, per day | 8 | 6 |
| Plasterers, per day | 8 | 6 |
| Painters, per day | 8 | 0 |
| Boilermakers, per day | 9 | 0 |
| Labourers and navvies, per day | 6 | 0 |
| Farm labourers, per week | 12 | 6 |

These rates represent a reduction of nearly 3s. per day for skilled workers and 2s. for unskilled, compared with those paid before the crisis, and as they were coincident with short-time and much unemployment the reduction in earnings was very great.

The wages of women servants reflected the general depression with the consequent lack of demand for their service, and the following rates were lower than they had been for twenty years:

| | s. | d. |
|---|----|----|
| Cooks and laundresses, per week | 14 | 0 |
| General servants, per week | 11 | 6 |
| Housemaids, per week | 10 | 0 |
| Nursemaids, per week | 7 | 6 |

Many of the working classes despaired of the future of labour in Australia, and believed it had already started on its descent to the level of European conditions. Some of them went so far as to throw in their lot with Lane's new settlement in Paraguay, the settlement whose establishment in South America was a recognition of the fact that even Lane had given up the hope of forming the ideal State on Australian soil. On 8th July 1893 a meeting was held in Sydney for the double purpose of welcoming the Broken Hill leaders, who had just been released from prison, and saying farewell to the first emigrants to the new settlement. The meeting declared that the latter would be "of great future benefit for those who are compelled for the present to remain in Old Australia." Not even Lane's magnetic personality could have obtained recruits so easily, had it not been for the great calamities which befell Australia in 1892 and 1893.

Except just at its close, there was little industrial legislation during this period. A Bill for the regulation of mines had been passed in 1862, which provided for some inspection, but did nothing to regulate the hours of work. In 1874 an amending Bill was introduced, but it did not pass, and in 1875 another Bill was brought in, which became law in 1876. The employers and the Coal-Miners' Trade Union took an active interest in the two latter Bills, several times meeting together in conference to discuss them, and conferring also with the Minister in charge of these measures. The Act of 1876 contained provisions for inspection and for the appointment of a check-weightman, to be paid by the miners. It fixed the hours of labour for young persons from thirteen to eighteen years of age, employed in or about mines, at ten hours for the first five working days in each week, and at six and eight

hours on alternate Saturdays, thus, allowing one hour daily for meals, giving an average working week of $50\frac{1}{2}$ hours. As the employment of men depended upon the work of these young persons, the hours of miners were thus fixed legally in accordance with the private agreement made in 1873. The Bill also enacted that such young persons must not be employed for two successive periods of work, without an interval of twelve hours, and it prohibited the employment of boys under thirteen years and of females of any age in a coal-mine, a clause which aroused some resentment, as these classes had never been employed in the mines of the colony. The Coal-Mines Bill brought in by the Minister for Mines of Parkes' last Government in 1891 fixed the hours of labour at eight, "from bank to bank." This was amended by allowing a break of twenty minutes for food, making the working day seven hours and forty minutes. When the Bill was about to be read a third time, Parkes realized that the regulation of the hours of labour for adults was contrary to all his previous professions, and an attempt was made to get the matter reconsidered ; this led to the defeat of the Government and the loss of the Bill.

The recognition of industrial societies by the State advanced very much during the period. The Friendly Societies Act of 1873 appointed a Registrar of Friendly Societies, whose duty was to advise concerning the rules of the societies as well as to register them. The Act considerably extended also the objects for which friendly societies might be formed, but unfortunately followed too closely the lines of the English Act, which was consolidated in 1855 and was repealed some months before the New South Wales Act was passed. The latter reproduced all the blunders and bad drafting of the original.

The Trade Union Act of 1881 provided for the registration of these associations by the Registrar of Friendly Societies ; it declared that "the purposes of a trade union shall not, by reason merely that they are in restraint of trade, be deemed to be unlawful so as to render any

member . . . liable to criminal prosecution for conspiracy or otherwise." It strictly followed the English precedents, and denied legal redress to parties aggrieved on account of the failure of others to carry out agreements made with them for certain purposes under the Act; it was not valued by trade unions except for the security it gave to their funds.

The Royal Commission, appointed in 1890 to inquire into the question of strikes, reported in favour of the establishment of courts of conciliation and arbitration, and on 24th February 1892 Barton introduced a Bill with this object, which became law on 31st March. The Act provided that courts of conciliation and arbitration should be established to deal with all questions of industrial disputes referred to them. A court of conciliation was to be appointed, consisting of not less than twelve nor more than fourteen members, one-half of whom were to be nominated by the employers' unions and one-half by the Trades and Labour Council. The colony was to be divided into five districts, and in each of these a small council of conciliation, consisting of four members, was to be formed, but the larger council was to be nominated at once. In each district a clerk of awards was to be appointed to receive applications from employers or employed. If the council of conciliation failed to settle any dispute referred to it, either of the parties concerned might proceed to the council of arbitration. This was to consist of three members, one nominated by the Trades and Labour Council, one by the employers' union, and a third, the president, nominated by the Governor. The last was to be an impartial person, unconnected with any trade or industry. The Act gave no compulsory powers to the councils; in cases of dispute, application to them was entirely optional, and their awards were not legally binding, although, if the parties to a dispute agreed to be bound by an award, it might then be made a rule of the Supreme Court.

The Act had no success. It required for its proper

working an amount of goodwill between employers and employed entirely lacking under the conditions then existing in the colony, and during the year following its enactment only two cases, one of conciliation and one of arbitration, were carried to a successful issue. In six other cases negotiations were instituted fruitlessly, and in eight cases employees applied to the councils, but the employers refused to accept mediation. The important strike at Broken Hill in 1892 was among the last class of cases.

VICTORIA

Throughout Victoria employment was very good during the whole of the year 1873. In Melbourne the continued activity of the building trade enabled carpenters and joiners to have 10s. a day and stonemasons 11s. fixed as the ruling rates for their trades. There was a notable improvement in the wages of navvies and unskilled labourers generally, and the men who were glad to get 6s. or even less in 1871 were scarcely content with 7s. The colony was now committed to the construction of several important public works, and the Minister for Works, speaking about the matter in October 1873, reported that there had been a general increase in their cost. This increase he estimated at 8 per cent in the cost of clearing, fencing, earthwork construction, and road-making; at 20 per cent in the making of level-crossings; at 35 per cent in the laying of permanent way; and at 20 per cent in the cost of rolling stock and stations. Putting all the items of construction together, the average increase in the cost was set down at 20 per cent, arising chiefly from the advance in the price of labour and ironwork. The dearness of iron at this period was a great handicap to the local manufacturer, and caused some of the Melbourne shops to refuse orders and reduce their hands; nevertheless, to prevent a strike, the wages of moulders were increased to 12s. a day.

During 1874 excellent conditions prevailed in the

rural districts, and employment was everywhere good. Assisted immigration had now ceased, and experienced farming men were scarce, as also were domestics ; cooks could easily obtain 16s. to 20s. a week in ordinary houses ; housemaids, 14s. to 16s. ; and general servants, 12s. to 14s. In Melbourne and the chief towns there was much less work at the beginning of 1874 than in the previous year, but conditions greatly improved as the year advanced. Strikes, which had been fairly common in the concluding months of 1873, became even more frequent ; the points involved in these strikes will be referred to later on in this chapter.

The harvest of 1874-75 was very good, the year 1875 opened with a great demand for labour in the country districts, and in some parts there was so great a scarcity of men for the harvest that £3 a week and rations were paid, without a sufficient supply of labour offering itself. Such wages were, of course, obtainable only during the few weeks covering the height of the season ; at other times the wages paid on farms during 1875 averaged as follows : married couples, 23s. 6d. per week ; ploughmen, 21s. ; farm labourers, 17s. ; women servants, 10s. 6d., with rations and sleeping accommodation. On stations, stockmen were paid 18s. a week ; shepherds, 14s. ; and married couples, 22s. These rates show an advance of from 1s. to 2s. in the weekly wages.

The improved conditions of labour were, for the greater part of 1875, confined to the rural districts as there was a considerable amount of unemployment in the towns, so much so, that what was termed a National Labour Bureau was opened in Melbourne, with branch offices at Ballarat, Castlemaine, Bendigo, and Warrnambool. This Bureau was not under the control of the Government, but was provided by it with free offices and given a small grant of money and the privilege of sending telegrams, free of charge, to any station within the colony. The Bureau was opened with a twofold object : first, to demonstrate that a numerous body of persons were available for employment and

that there was no need to revive assisted immigration as desired by a large number of employers of labour ; secondly, to bring employers and workers together without the intermediary of registry-office keepers, a class greatly objected to at that time on account of their alleged extortions. The Bureau as a commercial undertaking was not a success, even at first, and its usefulness declined rapidly, but it survived long enough to show, if there were any doubts on the subject, that there was a considerable body of men out of employment. This unemployment was practically confined to Melbourne, where the building trade became very slack after a year or more of good employment, and other trades were all more or less depressed. Unemployment gradually increased from March until August, after which there was an improvement, but better conditions did not return wholly until the end of October. The iron trades were greatly affected by the depression, as also were large sections of the builders ; amongst factory workers the clothing trade suffered most, as during a large part of the year, March to October, the clothing factories were employing only one-third of the usual number of hands.

There was no actual reduction in nominal wages during 1875, the wages of masons being still quoted as 11s. per day, of other mechanics 10s., and builders' labourers 7s., but it was recognized by the unions that slightly lower wages, from 6d. to 1s. a day, were frequently paid.

Towards the end of October 1875 conditions had so improved that once again it was anticipated that the season of prosperity, so long waited for by the workers, was close at hand ; but, except for domestic service, the demand for labour still proved to be much less than the supply. The summer of 1875-76 was wet, and the harvest was so prolonged that at no time during its continuance was the demand for labour so great that wages rose above their accustomed level ; nevertheless both pastoral and agricultural labour continued in good demand throughout the whole of 1876. Other employments, however, were the

reverse of prosperous. There was much unemployment amongst the building trades in Melbourne; the masons suffered from this cause more perhaps than any of the others and had to submit to a reduction of wages to 10s. a day, the nominal rates for the other large trades remaining unchanged. Many factory workers were also out of employment, the people most affected being tailors and bootmakers. The bootmakers worked short-time during the greater part of 1876, and towards the close of the year they had further to submit to a 10 per cent reduction in their wages.

From 1869 to 1876 there was a great increase in the number, strength, and organization of the Victorian trade unions. New unions were formed by the upholsterers, coachmakers, tailors, tailoresses, agricultural - implement makers, lumpers, and the Bendigo miners; moreover, those already in existence were greatly strengthened. So important had the movement become in 1874 that a new Trades Hall was erected in Melbourne, where the Trades and Labour Council, as well as any of the trade unions who desired, could hold their meetings. The unions that were affiliated to the Trades and Labour Council paid a subscription of 2d. per quarter for each of their members, and the largest and most important unions, those of mechanics in the building trades, which had formerly stood aloof, threw in their lot with the Council. These abstentions had greatly curtailed the power and prestige of the Trades Hall, and in 1876; when all the important unions except the Amalgamated Miners' had joined the Trades Hall, that institution was one of the most powerful organizations in Australia.

The increase in trade unions was accompanied by a very great increase in strikes, and these were particularly numerous at the end of 1873 and during 1874. The two chief subjects about which disputes arose were wages and the eight-hours day, and in many cases both were involved. The tailors, cabinetmakers, bricklayers, bootmakers employed in factories, slaters, gold-miners at Clunes,

agricultural - implement makers, navvies on the railway works, brickmakers at Echuca, and woollen weavers at Ballarat all struck for increased wages between 1873 and 1876, and with the exception of the bootmakers all were successful. In 1874 the tailoresses in Melbourne formed a union and struck against a reduction of wages. This union commenced with a membership of about 300, and is notable as being the first women's trade union formed in Australia. The tailoresses' union met at the Trades Hall and was commonly believed to have been fostered and managed entirely by the tailors, who wished to protect themselves against being undersold by women's labour. This was probably true, as women's trade societies are usually originated by the men's union of the same trade. Strikes for the eight-hours day were fewer in number than those for higher wages, as most of the unions that had won the shorter day at the beginning maintained it through the whole period. The unions that struck for eight hours were those of the gold-miners, unskilled labourers in the employ of the Government, tanners at Castlemaine, saw-millers at Echuca, blacksmiths, and wheelwrights. In most cases these strikes were successful.

In May 1873 a Bill was passed to regulate the employment of females in workrooms and factories. It limited the hours in which women might work to eight per day, which were to be usually between 9 A.M. and 6 P.M., and between 9 A.M. and 2 P.M. on Saturday. It also provided that every workroom should be properly ventilated and should allow at least 800 cubic feet of air-space for every person employed in it. This Act was at the time of more theoretical than practical importance, as piece-workers were exempted from the limitation to eight hours' work, and factories and workrooms could be withdrawn from the operation of the Act if the workers petitioned for it. A number of factories were thus exempted, and the regulation of hours was of little effect in preventing overwork, as it was customary for women who worked in the factories for eight hours to take to their own homes work for which

they were paid at piece rates. This was not considered an infringement of the principle of eight hours, and, as regards factory workers, the agitation for the eight-hours day was not so much a demand for shorter hours, in order that the workers might have more time for rest and recreation, as an indirect method of raising wages, higher rates being paid for overtime work.

Some of the most interesting disputes which occurred involved other questions than hours and wages. Some, for instance, were concerned with the delimitation of work. In 1869 the plasterers at Ballarat struck against the practice of master-builders getting lathing done by carpenters, and they destroyed the work done by persons who were not members of their union ; they also objected to the whitewashing of ceilings being done by painters. In this dispute they were not successful, as plasterers were at the time too numerous for the requirements of the colony, and the strikers were easily replaced. In 1873 the lumpers at Sandridge struck successfully against the practice of sailors unloading boats, and the stevedores at Melbourne were similarly successful later in the same year. In December 1873 there was a strike of gold-miners at the Lothair mine at Clunes.. The men had asked for shorter hours and increased wages, the employers refused their request and determined to obtain Chinese from Ballarat to fill the strikers' places. This infuriated the miners, who summoned a meeting of the Miners' Association, and resolved to prevent the Chinese from working. The Government had sent an escort to protect the Chinese, but this did not prevent a riot, as soon as the strike-breakers prepared to set out, and they were unable to get to their destination. The Government made no attempt to prosecute the rioters, and at the end of January the strike ended by the concession demanded being granted to the miners.

In several disputes the question as to the recognition of the union arose, especially in cases where the union was newly formed. Thus the agricultural - implement makers

formed a union with the object of securing the eight-hours day, after which they "summoned" their employers to attend at the Trades Hall to consider an increase of 12½ per cent in wages. The employers replied by refusing to deal with the union, and the Trades Council advised the men to ask for arbitration on their demands, but this course was not acceptable to the employers. A strike followed which lasted only a short time, and terminated by the men accepting the employers' terms.

Few of the trade unions at the time were so situated as to be able to carry on a prolonged strike with any success. They depended upon special levies for their strike funds, and when strikes were as numerous as they became in 1873 and 1874, it was impossible that all could be well supported. The reliance of a union upon its fellow-unions in case of a strike pointed to the necessity for a central organization to deal with matters of this kind, and the Trades and Labour Council found that the development of events was greatly strengthening its hold upon the unions. Some important unions still refused to recognize its paramount authority, but though the Council was for this reason not always in a position to veto a strike, it could always influence the amount of support which strikers would receive from other unions; consequently a strike was rarely entered on without its being consulted. The policy of the Council was to use the instrument of the strike sparingly, and to look to Parliament for help in industrial matters; hence its desire to secure the legal recognition of the eight-hours day, arbitration, and other matters of importance in which the workman was interested. In October 1874 the Council sent a deputation to urge upon the Attorney-General the necessity of preparing an Act legalizing a court of arbitration for the settlement of wages disputes, and in the following year the manufacturers' association was in correspondence with the Government on the same subject. The matter was not carried further at the time, not indeed from indifference on the part of the Government, but on account of the difficulty of dealing

comprehensively and satisfactorily with industries at the stage of development which those of Victoria had then reached.

In pursuing this policy of conciliation and arbitration, the Labour Council of Victoria was following precisely the course marked out for themselves by the English trade unions, and this gives an illustration of the close correspondence that existed between labour agitations and methods in England and in Australia. At first sight this correspondence seems to be more striking in the case of New South Wales than of Victoria, because several of the more important of the New South Wales unions, those of the Sydney ironworkers and the Hunter River miners for example, were engaged in serious disputes, practically identical in their objects with those undertaken by the same trade groups in Great Britain. There was, however, no closer connexion in one colony than in the other, and an examination of the policy and methods adopted in Victoria, especially during the earlier years of this period, will amply prove how important was the influence of the "International Association of Working Men" upon the trade union leaders of Melbourne.

The Victorian Parliament was very much engaged, during the previous period, in dealing with the fiscal controversy and the constitutional questions arising therefrom, and it is not surprising that, in spite of the alertness and growing power of the trade unions, there had been little industrial legislation. Reference has been made to the Act to regulate the employment of women in work-rooms and factories ; this was shortly afterwards followed by an Act to regulate mines, and to make employers responsible for accidents. Immediately the Act was passed the mine-owners endeavoured to escape their liability under it, by placing the responsibility of determining the safety of the working places upon the miners themselves. This was contrary to the intention of the Act, and provoked a strike at Bendigo in 1874, which was settled by the employers giving way.

There were still on the Statute Book laws which inferred that the rights of a workman were inferior to those of his master. These laws were passed before the extended franchise had given workmen political importance, and at the opening of the period under discussion it was no longer possible to apply them without arousing a storm of protest, sufficient to ensure either their repeal by Parliament or their suspension by the Executive. A case of this kind occurred at Castlemaine in October 1874. The tanners and their workmen had a dispute which led to a strike, and some of the employers had their men arrested on a charge of having left their work without proper notice. The cases were tried in the local Court, and the men adjudged guilty and sent to prison. This extreme use of the Masters and Servants Act, a use against which English trade unionists were also protesting, led at once to an agitation for the removal from the Statute Book of a law which awarded imprisonment to the man and a fine to the master for similar offences. Various public meetings were held to force this view on Parliament, and though an immediate repeal of the obnoxious law was not obtained, there was a tacit understanding that it should be allowed to remain in abeyance.

The apparent indifference of Parliament to the necessity of industrial legislation begot the opinion that the needs and disabilities of the working classes would not receive proper attention until workmen were represented in Parliament by men of their own class; nevertheless there was no idea as yet of a distinct party to represent the interests of the labouring portion of the community. It is interesting to note, however, that men of the working class found their way into the Parliament of Victoria during the commencing years of this period. The first of these was Charles Jardine Don, a working bricklayer, who endeavoured to work at his trade as a journeyman and give his evenings to his parliamentary duties. The incompatibility of the two things was realized by the leaders of the trade unions; but the Trades and Labour Council, though sympathetic with the aspirations of working men

to enter Parliament, was not yet in a position to order a levy for their support, and a few years later, when it was in such a position, the passing of the Payment of Members Act rendered such support unnecessary.

At the beginning of 1877 employment was fairly good. The building trades were busier than they had been, and in Melbourne and Geelong, as well as in the country districts, workmen could readily obtain work. In the building trades, mechanics obtained 10s. a day of eight hours, builders' labourers 7s. a day, and pick-and-shovel men 6s. 6d. In the iron trades mechanics' wages varied from 9s. to 13s. per day, the highest rate being paid to skilled turners and boiler-makers. In the clothing factories a large proportion of the workers were women and girls, men being employed only on special work. The earnings of the female workers ranged between 12s. and 35s. per week, the highest rates being rarely paid ; the men earned usually from £2 to £3 per week.

There was a very good demand for men on farms and stations. Ordinary farm labourers obtained from 15s. to 20s. per week, with board and lodging, and during harvest time the wages paid were 10s. or 12s. higher. On sheep or cattle stations the current wages were 20s. to 25s. per week, with rations and lodging. Gold-mining, the other principal country occupation, was not very prosperous at this time ; men who worked for wages usually earned 40s. a week on surface work and 45s. underground. Navvies received 6s. 6d., and unskilled labourers on lighter work 6s. per day. Towards the middle of the year (1877) the demand for labour in other than rural occupations grew slack, and there would have been a considerable amount of unemployment had it not been for the large Government works that were then in progress, but there was no change in wage rates.

The deadlock resulting from the struggle between the Legislative Council and the Assembly over payment of members had a paralysing influence upon trade, and 1878 opened with poor prospects. Few private contracts for building were entered upon, and unemployment became

common. In May large demonstrations were made in Melbourne by the unemployed, and though, as on all such occasions, there was a considerable proportion of loafers among them, the great majority of the demonstrators were respectable men out of employment. On 20th May more than a thousand of the unemployed marched in procession up Collins Street to the Treasury to lay their requests personally before Graham Berry, the Chief Secretary. He willingly received a deputation and promised inquiry into their statements, undertaking, if things were as they alleged, to authorize at once the construction of certain sanitary works, in order to provide them with employment. Two days later he was presented with a petition bearing the signatures of 800 men out of work, of whom one-half were labourers, and the majority of the others skilled men belonging to the building trades.

The inquiry made by Graham Berry showed that there was a good deal of unemployment, and some men were sent to drainage works, which were undertaken mainly to relieve the labour market, but only about 200 could be thus employed. As there was no other available work, the experiment was made of doubling the numbers and reducing the time for which the men could work by one-half. This arrangement proved unsatisfactory to the men and uneconomical from the point of view of the Government, and was speedily abandoned. The unemployed continued to hold meetings and send petitions to the Government, asking that public works on a more extensive scale should be undertaken, but even if the Government had been disposed to do this, it lacked funds. In the second half of the year 1878 the condition of the building trades grew rather worse, and there was also much unemployment in the iron trades; even on farms and stations there was less work, so that many country labourers came to Melbourne to add to the unemployed already in that city.

Towards the end of the year, with the approach of the harvest, labour was naturally in greater demand, but the crops were poor, and as large numbers of men offered

themselves for work, wages were less than customary. Even in January, a time of year when the maximum of employment might be expected, meetings of the unemployed were being held in Melbourne, and there was considerable distress.

Throughout the greater part of the year 1879 most of the town trades were depressed, the building and iron trades especially, and some of the manufacturing industries were in a bad way, notably the boot factories, which were mostly working half-time, with wages reduced from 10 to 15 per cent. In these circumstances it is not surprising that the unemployed determined to make an impressive petition to Graham Berry, on his return to the colony after his futile English mission. A petition signed by 1000 unemployed men greeted his arrival. Berry protested that the Government had done and was doing all that was possible to deal with the unemployed problem ; nevertheless, he appointed a Board to consider the question and relieve urgent cases of distress. Some hundreds of men were given work as navvies at the West Melbourne swamp and some at stone-breaking, while those who were willing to go to the country districts in search of work were provided with free passes over the railways. By these means some relief was given to the labour market, but there still remained in Melbourne large numbers of men who could find no regular employment. The Unemployed Labour Board appointed by Berry made inquiries as to the condition of labour throughout the colony, and came to the conclusion that unemployment was not greater than usual in the rural districts, which was probably true, seeing that nearly all who were able to do so had gone to Melbourne in order to share in any measures of relief that might be adopted ; but the existence of a great amount of unemployment in Melbourne and other population centres was not denied. The Government itself took no special steps to increase the amount of employment, its works expenditure for 1879 being £1,500,000, about the same as in 1877, while in 1878 it was £120,000 less.

Towards the end of 1879 employment began to get better, first in the country districts and later on in town occupations, especially in the building trades, and at the beginning of 1880 the improvement became quite marked. The change was due to a splendid harvest and an increase in the price and weight of the wool clip. Gold-mining showed some improvement also ; more men were employed, and though the yield of 1880 turned out to be worth only about £300,000 more than that of the preceding year, there was a feeling that the colony was again on the eve of an important extension of mining. For the moment the unemployed agitation died out, and an attempt to revive it in March 1880 came to nothing.

Early in that year there was some agitation against Chinese labour, the allegation being made that the recent depression in the labour market was in a measure due to the competition of the Chinese with white labour. The agitation was a reflection of what was taking place in Sydney, and was quite unjustified by the facts. The number of Chinese in Victoria had been declining steadily for some years, and of the Chinese inhabitants who had turned to other pursuits when gold-mining failed, the great bulk were market-gardeners, who thus carried on a most useful occupation, for which the Victorians had never shown any particular aptitude. During the winter months of 1880 the Government relief works were once again opened, and the men engaged on them were paid 6s. per day, which was the rate adopted in 1877 for this class of labour. At the end of June 1880, 687 men were thus employed, and a month later the number rose to about 1200. A considerable proportion of these were men drawn to Melbourne by the opening of the relief works during the preceding year. Those who had skilled trades gradually drifted back to their ordinary occupations, and in November the number remaining on the relief works had fallen so low that the Government saw its way to close them. Industrial conditions improved greatly in the summer of 1880-81, and many large building contracts were entered into then and

during the ensuing year. After two years of tightness the money market had grown easy ; there was a good demand for house property, and by May 1881 labour in every part of the colony was once more fully employed.

The census of 1881 revealed the serious loss of population which Victoria had sustained during the period of adversity from 1877 to 1880. There were in the colony in 1881 fewer male adults than in 1871, and it was estimated that in the intercensal period Victoria had lost 60,000 men. Most of the emigrants had gone to New South Wales, whither they had been attracted by high wages and steady employment.

During the latter half of 1881 the rebuilding of the principal streets of Melbourne was begun, and enormous blocks of buildings took the place of the humble two-story houses which had been put up in the early days of the colony. So vigorously was this work followed up that the brickyards found themselves unable to comply with the demands made upon them. In these circumstances building mechanics were very much in demand, as well as all classes of labourers, there was a considerable influx of men from the country districts to Melbourne, and farmers had very great difficulty in obtaining men for harvest work. During 1880 there had been a revival of interest in gold-mining, and for the first time the diamond drill was used, in the search for gold-bearing reefs, at deep levels. The gold yield of Victoria had fallen to 758,000 oz. in both 1878 and 1879 ; in 1880 the yield rose to 829,000 oz., and in 1881 to 833,000 oz., not indeed a great increase, but sufficient to encourage further search for the precious metal. In spite of this increased return, the mining companies found great difficulty in maintaining their full complement of men. Gold-mining had ceased to have attraction for the adventurous ; the free man—the alluvial worker—had almost disappeared from the mining districts with the working out of the shallow deposits, and the miner was now almost always a wage-earner following a hard and risky occupation, without interest in the result of his labours.

During 1878, 1879, and 1880 the nominal rates of wages in the principal trades remained unchanged, but very few men received the standard wages, 1s. to 2s. per day less being accepted without demur. During 1881 the nominal rates again became effective, and men were paid the full wages current at the beginning of 1877. Early in 1882 wages in the principal trades began to rise above that level, and in April 1882 the following scale of wages was recognized :

| | Per Day. |
|-------------------------------|--------------|
| Bricklayers | 11s. to 12s. |
| Masons | 11s. |
| Slaters | 12s. |
| Plasterers | 10s. to 12s. |
| Carpenters, joiners | 10s. |
| Plumbers | 10s. |
| Labourers | 6s. to 7s. |
| Pick-and-shovel men | 6s. 6d. |
| Iron trades | 9s. to 12s. |

Factory workers participated in the general improvement ; those in the clothing trade obtained a rise of from 10 to $12\frac{1}{2}$ per cent, in other trades the advance was about $7\frac{1}{2}$ per cent. There was also a general improvement in the wages of pastoral and agricultural workers, stockmen obtaining from 22s. 6d. to 30s. per week, drovers 25s. to 40s., and agricultural labourers 15s. to 20s. with rations and lodging added. Shepherds were quoted as receiving 10s. to 20s. a week, but the race of shepherds had almost disappeared. The wages of domestics had not fallen during the three years of depression, and in 1881 rose very considerably, general servants being paid 12s. to 14s. per week, housemaids 12s. to 15s., and cooks 20s. to 27s. 6d.; and even at these rates a sufficient number of maids could not be obtained.

In the foregoing list the wages of plasterers are set down as 10s. to 12s., and of ironworkers as 9s. to 12s. As the year advanced, the workers in the iron trades had little difficulty in obtaining an increase in their daily wages so as to bring the minimum up to 11s., and in July the

plasterers obtained an increase of 1s. per day. Every trade was now working full time and many of them overtime as well. The general or unskilled labourers were the only class that suffered from any irregularity of employment.

This return to happier conditions of labour heartened the trade unions to an endeavour to strengthen their own position by increasing the number of their adherents, and to obtain a legal status for their operations. In 1882 a Bill to recognize the position of the unions and give legal protection to their funds was introduced into the Victorian Parliament. It was amended in the Council by the insertion of clauses providing penalties against unions in the event of a breach of any contract entered into between them and the employers of labour, or if action were taken by them which should be adjudged by a court to be in restraint of trade. Richardson, the promoter of the Bill, refused to accept the amendments, saying that they constituted "an insult to the workmen of Victoria," and that he was "advised by the principal unions to abandon the Bill rather than accept them." The Assembly struck out the amending clauses, and though these were formed into a separate Bill and so sent to the Assembly by the Council with the Trade Union Bill, the latter only became law, the unions thus acquiring the legal status they desired, untrammelled by any corporate responsibility for carrying out labour agreements.

The summer of 1882-83 was marked by many labour disputes, most of which were concerned with wages, though in some cases the question of the hours of labour was also involved. These disputes usually lasted two or three days only, the strikers obtaining what they demanded. The bakers struck for a ten-hours day, which was conceded by most of the employers. The coach-makers, the farriers, and the cabinet-makers struck for an eight-hours day, which they obtained, but the wool-carriers, who struck in February 1883 for an eight-hours day, failed. It would be tedious to enumerate all the strikes for higher wages

that occurred during this time ; they were much alike in their claims and their results, the only one presenting special features being the strike of the tailoresses. It was shown that the average earnings of the women working in factories was not more than 18s. per week, and a demand was made for rates which would have brought the average to 20s. The demand was conceded by most of the factories ; at the others the strike extended over several months and in the end the higher rates were paid.

Throughout the whole of 1883 employment remained very plentiful for all classes of workers, even for unskilled labourers. In the later months of the year the demand for labour undoubtedly exceeded the supply.

In July 1883 a Shops Commission was appointed to report on the working of the Factories Act. The appointment of the Commission was due to the influence of the Trades Hall Council, and followed a vivid exposure of various abuses made by the *Age* newspaper. The Commission reported in March 1884 and declared that an amending Act was an "imperative necessity." It condemned strongly the limitation of the term "factory" to places where ten or more persons were employed, as the smaller workrooms were the very places where abuses were most likely to flourish. The object of the Trades Hall Council was to abolish the system of home work, chiefly because it was difficult to induce home workers to join the trade unions, and as long as large numbers of workers were outside the unions it was difficult to maintain union rates. The cry of sweating was therefore raised, and this was the matter chiefly discussed by trade union witnesses before the Commission. Sweating was said to exist extensively in the boot and tailoring trades, and, in the latter industry, it was said that it bade fair to place the whole work in the hands of women.

There was little real foundation for these complaints, and sweating, as the term was understood in England, practically did not exist. Work was given out to factory

hands to do at home after factory hours, and also to others who did not work in any of the factories. Lower rates were often paid to these people, especially the latter class ; the outworkers used the labour of their own families, and on occasion employed one or two other persons to work with them ; but they were not “sweating” employers in the proper sense, taking work to give it out again at lower rates and living on the difference.

In their evidence before the Commission, the trade unionist witnesses emphasized their objection to the practice of the factories in giving out work to be done in the workers’ homes, on account of the insanitary conditions under which much of the work was done ; at the same time they drew a graphic picture of the moral and physical disadvantages of the factories, so that one might readily conclude that, of the two systems, that of the factories was the more objectionable. The Commission, while adopting the view that the factories needed much more careful supervision, emphatically condemned the system of giving out work to be done in private houses, and recommended that “strict regulations should be framed applicable to every house or room in which work is done for hire.” In consequence of this report a Workrooms and Factories Bill was introduced in November 1884, which dealt with the regulation of factories, including “domestic factories” ; these were defined as places where members of one family worked regularly for wages. The Bill, on its first introduction, defined a factory as a place where two persons worked for hire ; but the number was raised to four in the Assembly, and to six in the Legislative Council, and in that form became law. The Act provided for the registration and inspection of all factories ; employers were required to supply the inspectors with the names and addresses of all home workers ; the employment of boys under twelve and girls under thirteen years of age in any factory or workroom was forbidden ; and there were provisions for the fencing of machinery, for sanitation, and inspection. The Act was based for the most part on the Consolidating

Factories Act passed by the Imperial Parliament in 1878, but it introduced some important provisions of a novel character, which have since been adopted in Great Britain and other countries. The principal requirements of the Act as regards shops were that they should be closed at 10 P.M. on Saturdays and at 7 P.M. on other week-days, and that seats should be provided for women employed. The Bill was the subject of much disagreement between the two Houses; it did not pass until the close of 1885, and came into force in March 1886.

At this time the Melbourne Trades Hall Council occupied a very strong position and was courted by all parties, and when the second Intercolonial Trades Congress was held in Melbourne in April 1884, both the Premier, Service, and Graham Berry accepted invitations to attend the opening session. The chief question brought before the Congress was the federation of trade unions, and Berry in his address urged not only the federation of the existing trade unions, but a "broadening of the basis" so as to bring in all the weaker trades. It was due to this Congress that a parliamentary committee was appointed to watch the course of legislation, so far as it affected the working classes in Victoria. The committee soon made its influence felt. In August 1884, for example, when a "Councils of Conciliation" Bill was before Parliament, its possible effects were considered by the committee at two meetings, and it was decided that the measure should be opposed; chiefly because, if it became law, it would strike at the power and influence of the trade unions. Out of consideration for the representations made by the committee, the Bill was not proceeded with.

In August 1884 a "Trades and Labour Council" was formed with the object of watching over the trade organizations of the colony, and advancing their interests "by personal and political influence." The formation of this Council was the first step towards the federation of all the labour unions which was effected some ten years later.

When the Factories Bill of 1884 was introduced, it did not

provide all that the trade unions wished with regard to home work, and its appearance was the signal for a strike of bootmakers against home work of any sort in their trade. The strike was organized by Trenwith, and was intended to influence the discussions in Parliament. The manufacturers supported each other, and by the beginning of December almost all the factories in the colony were closed and 2000 persons were out of work. The dispute continued until February 1885, when a compromise was arranged. It was agreed that home work should be allowed during the remainder of the year, but the employers undertook to give out only a certain proportion of their work, and not to give to any one person more work than would enable him to earn £3 a week. After 1885 it was agreed that home work should be given only to men who held permits issued by a Board composed of equal numbers of trade union nominees and manufacturers. The object aimed at by the Bootmakers' Union was to prevent subletting, and to encourage home workers to become trade unionists.

The demand for labour remained good throughout the whole of the year 1884; the colony was extremely prosperous, and this prosperity induced such a demand for domestic servants that, during the last three months of the year, their wages rose by 30 per cent. In the country districts there was a great scarcity of labour, both mechanical and agricultural; in some parts the daily wage of carpenters was from 12s. to 15s., and in many districts good farm labourers received 25s. per week in addition to board and lodging. Employment was not quite so good in 1885 as in the preceding year except in the building trades, which remained extremely busy owing to the great activity of the Melbourne property market; but there was little unemployment, and wages remained practically unchanged.

In 1886 the colony entered on a period of depression due to the drought of the previous year, and nearly every class of labour was affected, except that engaged in building operations. Many of the factories reduced their staffs,

the bootmaking industry being particularly affected ; in Melbourne some 400 bootmakers were without employment, and those who were employed worked only half-time. In some of the unorganized trades wages were reduced, and there was a disposition on the part of the employers to attempt an all-round revision of wages.

The trade of 1886 was valued at £30,000,000, compared with £34,000,000 in 1885 and £35,000,000 in 1884. This reduction in trade made itself felt early in 1886, and the time was therefore not opportune for striking. Nevertheless, the wharf labourers demanded 15d. an hour instead of 1s., and, their demand not being acceded to, they went out on strike ; but their places were easily filled by men from Adelaide, and the strike was broken. The depression did not affect the employment of builders, men in all such trades being in great demand. In January the stonemasons agitated for an increase of wages from 56s. 6d. to 60s. per week, that is, they sought to obtain the same wages as they had before the Saturday half-holiday was conceded to them. There was no strike, as, after some little demur, the extra pay was granted by the employers.

Taking 1886 as a whole, there were fewer strikes than in the years immediately preceding. This was due in some measure to the trade depression, but there was a genuine disposition on the part of both employers and employed to avoid recourse to strikes or lock-outs where possible. An employers' union had been formed in Melbourne with a large membership, and representatives of this union and of the Trades Hall formed a Board of Conciliation, formal rules for the guidance of which were adopted on 14th January 1887. The Board had of course no legal position, but there was an understanding that any dispute arising between a member of the employers' union and a trade union affiliated to the Trades Hall should be considered by the Board before a strike or lock-out was declared, and during 1887 several disputes were thus amicably settled.

The advisability of putting forward Labour candidates

at the approaching parliamentary elections was discussed on various occasions during 1885 by the Trades Hall Council, but it was finally decided that the project should not be carried out, as very little interest was displayed by unionists in obtaining direct representation. Nevertheless in February 1886 three Labour candidates offered themselves for Parliament. The result showed that the Council had correctly gauged the state of feeling amongst the working classes, for Trenwith, Bromley, and Murphy, the Labour candidates, failed to secure election, the two former obtaining very little support indeed. All three were prominent trade unionists, Bromley was president and Murphy secretary of the Trades Hall Council, and the constituencies of Richmond, Collingwood, and North Melbourne, which they contested, were places with a large proportion of working-class voters. The result showed very clearly that trade unionism was at the time not a popular movement in Melbourne. It was powerful in its own field, but that field was restricted, and outside the ranks of skilled labour there was not only no enthusiasm but considerable hostility, on the part of the workers, to the aims and aspirations of the trade union leaders.

Notwithstanding the drought of 1885 and the depression that followed, Victoria had a considerable accession of population during 1886, chiefly from South Australia. The newcomers were for the most part navvies and unskilled labourers who congregated in Melbourne; in July 1886 there was a good deal of unemployment in that city, and an appeal was made to the Government to establish relief works. Having in mind the experience of 1879, the Government refused to find special work for the unemployed, but an effort was made to get them employment in the country districts, under the contractors already engaged on public works. This, however, was not what the men desired. Their object was to obtain work in Melbourne, and, failing to obtain this, they continued their agitation during August and September. There was little real distress, however, and after the end of

September there was an improved demand for labour. The shearing operations, both in Victoria and the neighbouring colonies, took a large number of men from Melbourne; the construction of tramways, which was begun about the same time, relieved the market of the surplus of general labourers; and little more was heard of the unemployed. While there was thus an improvement in the demand for unskilled labour, there was a slackening in the building trades. Speculative building in the suburbs of Melbourne had greatly diminished, as there was a short supply of money to finance these operations. Bricklaying was the trade chiefly affected, and there was a reduction of 1s. a day in the wages of bricklayers, 10s. per day being the ordinary rate, 8s. that of hodmen, and 6s. 6d. to 7s. of general labourers. This reduction was made without any trade disturbance. There were, however, so many buildings in progress that it was not until three or four months of 1887 had passed that actual unemployment in the mechanical trades could be said to be very noticeable. Large numbers of artisans and others were then coming over from South Australia, which was suffering from severe commercial depression, and in June (1887) there was a good deal of real distress in Melbourne due to unemployment. Most of the buildings in progress at the close of the preceding year had been completed or were far advanced, and as few new buildings were being undertaken, such trades as brickmaking, bricklaying, sawmilling, and carpentering were greatly affected. Indeed there was so little demand for timber that nearly all the sawmills of the colony had ceased working; and the decline in the demand for bricks was such that many important yards were not employing one-third of their usual number of hands. The question of establishing a public Labour Bureau was debated in the Victorian Parliament, and a meeting of the unemployed on 19th July led the Government to arrange for men to be employed stone-breaking, although there were then more men employed on public works than at any previous period of the colony's history.

There had been a vast amount of land speculation and speculative building in Melbourne up to 1886, lavishly financed by the banks, building societies, and finance companies. During 1886 land speculation almost ceased, and with its cessation speculative building died out. When the commercial depression passed away the land speculator again came forward, the land boom reappeared, more vigorous than before, and the most cheerful optimism reigned supreme. Population flocked to Melbourne, and prosperity returned as if by magic. While depression affected the city during 1886 and 1887, employment in all the rural occupations had remained very good, and the colony at the end of 1887 seemed capable of absorbing far more people than were likely to be attracted to it. The year 1888 therefore opened under most favourable conditions. Early in this year the building, iron, and timber trades were all very busy. Not a single member of the bricklayers' union was without regular employment. The Government was employing large numbers of men on railways and other public works, and the municipalities, too, having been able to raise loans in England, were carrying on important works. The whole community was spending money far more freely than it had done for many years. There was abundance of employment at high wages for all classes of labour. Men left the country districts for Melbourne in large numbers, and that city was also drawing population from other parts of Australia and from New Zealand.

During the year 1888 there were many labour disputes, nearly all arising on the side of the workmen, who naturally desired to obtain a larger share of the profit distribution which the community was then engaged upon. A dispute as to wages between the ironmasters and the ironworkers' association was referred to the Board of Conciliation, and the award, which gave the men what they asked, was accepted by both parties. In most other cases less peaceful methods were used. The ironmoulders struck for a minimum wage of 11s. per day instead of 10s. ; the best men at the

time were receiving 13s. This dispute lingered on for several months; in the end some masters gave the advance and others did not. The carpenters endeavoured to obtain an increase of wages from 1s. 3d. to 1s. 4½d. per hour. They were working eight and a half hours a day five days in the week, and five and a half on Saturday, and they wished to reduce this, as the masons and bricklayers had done, to eight hours on five days and five on Saturdays without any loss of earnings. This dispute also dragged on for some months. Its principal result was to bring about a combination between the four existing carpenters' trade unions; the concession demanded was not, however, obtained, as the matter was dropped in February 1889, when trade became less active. In July and August 1888 the maritime trades were on the verge of a great strike over the question of union and non-union men working together. The dispute arose in connexion with the employment, by the New Zealand Steam Ship Company, of some non-union sailors and firemen. A number of union seamen and stokers, objecting to this arrangement, struck work. Their action was supported by their unions, and it became a question whether union seamen should be withdrawn from all ships and union wharf labourers from the wharves. The unions were not prepared to take such an important step at the time, and the matter was temporarily adjusted.

The strike at the Newcastle coal-mines very seriously affected Melbourne. Towards the end of August 1888 coal was selling at 43s. 6d. per ton at the Melbourne wharves, as compared with 23s. 6d. per ton, which was the usual price. The strike caught many of the Melbourne brick-yards unprepared, some of them had to cease operations, and the price of bricks rose 5s. per thousand, affecting to a grave extent the calculations of builders who had large contracts in progress. The ironworkers in Melbourne and Ballarat were also much affected. The stoppage of work at the Newcastle mines lasted until the end of November, and had an injurious effect on employment in Victoria,

especially during the last four months of the year. The building trades, nevertheless, and all trades not affected by the shortage of coal, remained very busy until early in 1889, when there was a perceptible falling off in employment in Melbourne. There was, however, still abundance of employment for country workers, and, as the Government had many works in progress, navvies and general labourers were also fully employed.

It was confidently expected that labour would again be in brisk demand after the effects of the Newcastle strike had worn off. This expectation did not prove well founded. There were grave apprehensions of strikes at the Broken Hill mines, in which Melbourne capitalists were greatly interested, and the monetary position continued to deteriorate after the beginning of 1889. In March there was already much unemployment, and conditions grew steadily worse. Meetings of the unemployed were held in Melbourne, and several deputations saw the Minister of Works and asked for relief. Some effort was made to put the men on railway works, and in May the Government announced that it was considering the establishment of a Labour Bureau, in order that the unemployed in Melbourne might hear more readily of work in other parts of the colony. The Bureau was not established, and the Government took no serious step to stop the agitation for employment, partly because it hoped, if a loan could be satisfactorily placed, to let some more large contracts, and partly because it was confident that the agitation would be short-lived and that the depression would soon be over. The expenditure on public works during 1889 reached £4,400,000, which was over a million more than in the previous year, and this increased expenditure relieved the labour market in Melbourne to some extent. Employment did not become brisk again at any time during the year; nevertheless the unemployed agitation died out, finding little sympathy from the Government, which was fully persuaded that an attempt to deal with unemployment by opening special works would serve merely to increase its

difficulties, by enticing to Victoria the South Australian unemployed.

The nominal rates of wages for skilled trades remained unchanged during the year, in spite of so much unemployment, and this fact may be taken as indicating the strong position the trade unions had won for themselves. The year 1889 was marked by a large accession to the numbers and strength of the unions, and, as a consequence, the policy of insisting that union workmen should not work with non-unionists was carried further than had been previously attempted, and with considerable success. At Ballarat an attempt on the part of the owners to work some of the foundries as non-union shops led to rioting, and was not persisted in. The objection of the unions to non-union labour was not coupled with any great readiness on their part to receive the non-unionists into their ranks. The Melbourne trade unions were, on the whole, narrow and exclusive bodies, with high entrance fees, designed to restrict the numbers in the trade, in order that constant employment at high wages might be obtained by those within the union circle. It was sometimes necessary for an artisan to belong to three or four unions in order that he might not be boycotted on a particular job. The Melbourne artisans viewed with suspicion and dislike the influx of skilled labour from the other colonies, and, generally speaking, they endeavoured to exclude such labour from their unions. Membership of a corresponding union in another colony was not always accepted as sufficient qualification for admission to membership in a Victorian trade union, the rule being to admit men as new members only after they had worked in Victoria for some time and had paid considerable fees. This attitude did not prevent Victoria from feeling to some extent the impetus towards trade unionism which was affecting Australia at the time, and which was a reflex of the vigorous movement of European trade unionism, throughout the whole of the decade. A number of new unions were formed in Victoria in 1889 and 1890; many of these became involved, with

more or less success, in trade disputes. The Victorian unions also joined the general movement towards an Australian federation of unions, which was a striking feature of the activity of the period. Nevertheless the movement in Victoria, whether federal or local, was not democratic. There was no real consolidation between skilled and unskilled labour, and the unions in many cases represented only a small proportion of the trades for which they stood.

In November 1889, at a meeting of the Victorian employers' union, proposals for the federation of employers' unions in all the Australian colonies were made. The employers' unions in Victoria had worked, on the whole, very amicably with the Trades Hall Council since 1887, when the Board of Conciliation was formed ; but the time that had intervened was marked by good trade, and it was when employment became less good that it was more difficult to adjust disputes. While the rules of the Board were binding on the members of the employers' union, they were obligatory only on those trade unions which had subscribed to them, even though the non-subscribing unions were affiliated to the Trades Hall. About seventy unions were affiliated, but only twenty had definitely accepted the mediation of the Board, and the societies which remained outside its action included some of the most important, such for example as the amalgamated engineers', the wharf labourers', the seamen's unions, two of the carpenters' unions, the masons' and the bricklayers' unions. Early in 1890, when employment was no longer good, employers, or a considerable body of them, thought the time had arrived for a reduction of wages ; and though nothing of importance was attempted in this direction, there was great irritation on the labour side, and the relations between employers and employed were distinctly worse than they had been for several years.

During March and April 1890 Henry George was in Melbourne, and met with a mixed reception on account of his Free Trade views. On 7th April he and Trenwith

engaged in public debate on Free Trade and Protection, and considerable feeling was aroused. On the whole the Trades Council and the official representatives of the working classes in Victoria looked with coolness upon George. They had so thoroughly identified themselves with the prevailing Protectionist policy that his advocacy of Free Trade was highly distasteful to them. Besides this, many of them had spent years in obtaining for their fellow-workers ready access to small freeholds, and his land policy was quite alien to their ideas. Nor did his ideas of land-value taxation appeal with any great force to town workers, who at that time were not concerned to any great extent with the land policy of the colony, and this portion of George's doctrine met with a very different reception from what it would have received from them had his visit occurred two years later. Outside the circle of official trade unionism considerable enthusiasm was displayed for Henry George by persons moved to indignation by his eloquent picture of the wrongs and disabilities of the poorer classes, and by his demand for social reform, and probably the most noteworthy effect of George's visit to Melbourne was to emphasize the differences between the inner circle of official trade unionists at the Trades Hall and the workers outside.

As the year 1890 went on employment in Melbourne, especially in the building trades, grew steadily worse, and though in financial circles there was a recovery from the depression of 1889, it was not of a kind greatly to affect employment. The Government could not ignore the existence of much unemployment, and even destitution; but, unwilling to deal directly with the problem of finding work and relieving distress, sought to acquit itself of responsibility by enlisting the services and sympathy of the Salvation Army, whose officers were entrusted with the means of affording some relief to the destitute poor, and of sending men to places in the country districts where work could be procured for them. In the last fortnight of June the Salvation Army registered the names of nearly

700 unemployed, and found work for about 100 of them ; but the majority of the unemployed objected very strongly to being passed on to the Salvation Army, and demanded that the Government itself should take up the question of unemployment. The Government was at the time spending at the rate of over £5,000,000 a year on public works, and would probably have repudiated all responsibility in the matter of finding work for the unemployed, but its attention was suddenly required in another direction and the unemployed were forgotten.

On 18th August the maritime strike began, and the Government during the next few weeks was preoccupied with the maintenance of public order and the protection of non-union labour. This task gained for it the enmity of the Labour Party, who professed to see in the action of the Government, at every phase of the strike, a strong bias in favour of the employers. On the day of the withdrawal of the marine officers, the Government under Gillies was defeated on a vote of confidence, the small group of seven Labour members in the Assembly, glad to be thus able to punish Gillies and his Ministry, voting with the Opposition, and Munro became Premier with their support.

The close of the strike was the occasion of much plain speaking at the Trades Hall. At a mass meeting of the Victorian maritime unions on 13th November, at which the close of the strike was formally announced, the leaders admitted that the greatest blow they had received had been dealt by men who had been refused admission to the unions. Hancock urged that all unskilled labour should be federated, and that the trade unions must be made much more accessible, or there would always be a danger from free labour. Trenwith, while declaring that "trade unionism should be preached through the length and breadth of the land," also urged the abolition of high entrance fees, and of the demand that a man should be a member of more than one trade union.

Employment in Melbourne did not greatly improve when the strike was declared off. The city had been

adding to its population at the rate of 25,000 a year, and besides the accommodation required for the new population, there had been a transformation of the older portions of the city. The work of transformation was now virtually over, and at the close of 1890 Melbourne began to lose population. Consequently there was little likelihood of there being much employment for mechanics in the building trades, after the completion of contracts then being carried out. In other trades there was also great slackness. It is not surprising that the trade unions could not rally themselves after their defeat, as they could have done had employment been better. A state of great irritation existed between employers and employed; on the one hand the unions were doing their utmost to maintain the old rates of pay and conditions of labour, on the other the employers were refusing to keep the rules previously recognized as to hours and rates of pay, and also insisting upon their right to employ non-union men if they wished to do so. In these circumstances, labour difficulties occurred so constantly that, at the beginning of May 1891, the Chamber of Commerce appointed six of its members "to devise means, if possible, of bringing about a better state of feeling between employers and employed, and to suggest some mode of preventing strikes and lock-outs," and asked the Trades Hall to appoint a small committee to meet them. This was done, but it had no practical result. In the previous November a Conciliation Bill had been introduced into the Victorian Parliament, which provided for a Board of Conciliation to which all disputes must be referred, and, failing settlement by this Board, recourse was to be had to arbitration, the arbitrators' award being made a rule of court. The proposal was received in a reasonable spirit, but Gillies voiced the general view of Parliament when he declared that "failure to comply with the terms of arbitration could not be enforced, as it was impossible to imprison hundreds of men." The Bill was therefore allowed to drop.

After the collapse of the maritime strike, the Trades Hall

Council changed its attitude towards the unemployed. Up to that time it had held aloof from any unemployed demonstrations, but on 16th May 1891, at a meeting of the unemployed held under the auspices of the Trades Hall, it was decided to send a deputation to Munro to ask for work. The deputation informed the Premier that in Melbourne alone 10,000 men were out of work, and Hancock, who was one of the deputation, attributed a large part of the unemployment to the stoppage of public works, suggesting that new works should be undertaken. The Government, however, had no money for relief works, it was even compelled still further to reduce its public expenditure, and thus add to the numbers of the unemployed. The winter months of 1891 were a period of acute distress which was increased by severe floods, occurring towards the middle of July, when hundreds of houses were inundated and thousands of persons made homeless. Some of the newspapers spoke of an epidemic of suicide, but this was a hasty deduction from the fact that a few suicides had occurred close together; the year 1891 was, as it happened, in the matter of suicide well below the average of preceding years.

The abundance of unemployed labour to be found in Melbourne, at this time and afterwards, made it the chief recruiting ground of the pastoralists' union, when seeking " free labour " in its struggle with the shearers in Queensland and, on a less heroic scale, with those in other parts of Australia. It was in July 1891 that the pastoralists' union first opened its offices in Melbourne to arrange for a supply of labourers willing to accept its shearing agreement, and no difficulty whatever was experienced in obtaining all the labour required. Drafts of men were sent from Melbourne to stations in Victoria itself and in the Riverina districts of New South Wales, as well as to the more distant stations of South Australia and Queensland. The effect of this action on the part of the pastoralists' union is dealt with in another place.

The Munro Government was unable to obtain money

1500 LABOUR AND INDUSTRY IN AUSTRALIA

to continue the large public works expenditure to which the colony had been for some years accustomed ; and several hundred men employed on Government works were discharged towards the close of 1891, the position of the unemployed being thus further aggravated. In February 1892 the secretary of the Melbourne Charity Organization Society reported that there was "a portentous want of regular employment among the wage-earning classes," and estimated that the unemployed must number from 3000 to 5000. The distress was keenest in Brunswick, where almost all the brickyards were closed. In South Melbourne and Fitzroy there was also great poverty, but private relief committees had been formed and were dealing energetically with the necessitous cases known to them. The distress of this period was greatly aggravated by the failures of building societies and other financial companies, in which many of the most thrifty of the working classes lost all their savings, and had no reserves to fall back upon. The suburban municipalities subsidized by the Government provided work at stone-breaking and road-making for about 1000 men, and free passes over the railways were granted to about the same number, in order that they might seek work in the country districts.

In February 1892 Munro gave place to Shiels, and the new Premier, in spite of his professed intention to economize, announced that, though the Government would not open relief works, it felt justified in going on with works of a remunerative character, in order to relieve the pinch of unemployment. The works decided upon were the reclamation of certain swamps, to provide for men of the labouring class, and the erection of court houses in places where they were required somewhat urgently, to give work to a certain number of building mechanics. In June a Government Labour Bureau was opened, and within a fortnight 4000 men had been registered as being in want of employment. There were many more who did not register ; these were men who were doubtful of the value of the

Bureau, or who considered its ministrations should be confined to common labourers. The distress in Melbourne at the middle of June 1892 was tragic, and the *Argus* newspaper, a not too friendly observer of the unemployed, stated that at least 2000 people were on the verge of starvation ; others quite as well qualified to judge considered that twice that number would be nearer the reality. Many of the men out of work were not inclined to bear their misfortunes patiently, and distrains for rent, which were painfully common, were met by something like organized resistance, which at times was accompanied by a good deal of disturbance and even violence.

In spite of the great depression the unions comprising skilled workers did their utmost to maintain the old rates of wages, but their efforts were without avail, as many men whose fidelity to their unions could not be gainsaid were glad to accept such wages as they could obtain, and it can hardly be doubted that this state of things was well known to the union officials. No pretence was made that the wages of unskilled labourers remained unchanged. Wharf labourers, who had received 1s. 3d. per hour before the maritime strike and 1s. 2d. afterwards, had their wages reduced in June 1892 to 1s. per hour, and the weekly men who had received 45s. per week were reduced to 40s.

On 1st July nearly 8000 unemployed men were registered at the Labour Bureau. The number of unemployed in Melbourne now increased very rapidly, and business grew worse daily. The demand for labour in the country districts also declined, and those thrown out of work on that account came to Melbourne to share in the city's charities. The strike at Broken Hill began early in July 1892, and some of the strikers came to Melbourne to await its adjustment ; on the other hand, when the attempt was made to import " free labour " to work the mines, it was from Melbourne that the men were taken, and no difficulty was experienced in getting as many as were required.

During the whole of 1892 there was a large exodus from Melbourne, and it seems probable that 10,000 or 12,000 able-bodied men quitted the city for Western Australia, New South Wales, and New Zealand during the first nine months of the year. This greatly relieved the pressure of unemployment, and in September it was felt that the worst of the distress was over. The various relief agencies gradually discontinued their distribution of food and alms, and the position was still further relieved when the approach of summer drew away from the city a large number of labourers, who found no difficulty in obtaining work in connexion with the harvest, which, as it chanced, proved to be fairly abundant. There was less distress at the beginning of 1893 than in the previous year, but nevertheless in all trades there was a great shortage of employment.

The first four months of 1893 were marked by the bank failures and the complete collapse of the financial organization of the colony ; thereafter a change is noticeable in the attitude of the working classes in Melbourne. They now realized, as they had failed to do before, that the industrial difficulties were not merely temporary, but were of such a character as to be likely to affect wages and employment for a lengthened period. Once convinced of this, they set themselves with characteristic resolution to make the best of the situation and to turn their hands to any work they could find, whether at their own trades or not. Some went to farming occupations, some to gold-mining, the Government providing many with free passes to the mining districts and granting them miners' rights. Many left Victoria, some for New Zealand, and more for the newly discovered goldfields of Western Australia. In this way Melbourne saw the departure of large numbers of the best and most deserving of her unemployed, and it was a notable fact that, during the middle of 1893, there was far less agitation and complaining in her streets than either in 1892 or 1891. The Government established a labour colony at Leongatha in May 1893, so that there

might be a means of relieving destitute men who applied for work, without attracting country labourers to town. The colony was established upon 600 acres of State land, and the men were employed in clearing the land and preparing it for cultivation. They received wages enough to maintain them, and it was expected that the experience they would gain would fit them to follow a rural occupation when they left the farm.

A great fall in wages occurred during the early months of 1893. The lower rates of pay which had been in existence for some time, but which the unions had refused to recognize, now became the acknowledged rates. The wages of artisans in the building trades fell to 7s. and 8s. per day, while labourers received 6s. In July the seamen struck against a reduction of £2 per month in their pay, but the strike was of no avail, as abundance of labour was obtainable at the lower rate. In most cases the folly of a strike was obvious, and no serious attempt was made to resist the reduction of wages. In the clothing trades and in other factory employment the fall in wages was about 20 per cent. The wages of country labour did not fall in the same way. The misfortunes through which Victoria passed tended to increase the attention paid to rural pursuits, and the demand for labour on farms and stations largely increased, with the result that there was little change in the wages paid in these occupations.

QUEENSLAND

At the opening of this period the labour market in Queensland had recovered from the effects of the depression of 1866, and the colony was on the eve of a period of great prosperity. The scarcity of pastoral labour and of domestics had led the Government to resume immigration on a fairly large scale, and for a few years the increase in the supply had no appreciable effect on the wages of labour. In September 1873 some 500 newly arrived labourers were hired at the following rates :

| | |
|-------------------------|----------------------|
| Married couples | £45 to £50 a year. |
| Single men | £35 , , £46 , , |
| Single women | 8s. , , 12s. a week. |

Experienced colonial workers demanded and obtained much higher wages than those just quoted, as indeed did immigrant labourers at the conclusion of their first engagements. When the stream of immigration slackened and all the new arrivals had been absorbed, which, owing to the rapid development of the colony, was usually accomplished in a very short time, the wages of farm labourers were quoted as from 17s. to 25s. a week according to age and skill, and of pastoral labourers at 20s. per week, with board and lodging in both cases. At busy times, and at all times in certain districts, labourers could command even better terms. Thus in the Roma and Charleville districts the squatters could not hire shepherds at less than 25s. a week during ordinary seasons nor at less than 30s. a week with a premium in the lambing season. In other districts an adequate supply of labour, even at these rates, was not obtainable.

The years 1873 and 1874 were very prosperous ones for Queensland. The clips were excellent, and the price obtained for wool in the English market, though not equal to that of 1871, was yet quite satisfactory; the squatters were, therefore, in a position to improve their holdings and extend their operations, hence the demand for pastoral labour continued to be very great. The prosperity of the pastoral industry was reflected in other employments. There was a strong demand for mechanics not only in Brisbane, but throughout the colony, and their wages rose during 1874 from 9s. a day to 10s. and 12s. The Government was at this time actively engaged in railway construction, and the demand for general labourers was so great that men had to be obtained from England. In February 1874 the Palmer goldfield was opened, and the eager rush which followed helped still further to deplete the labour market. On the goldfield itself wages were naturally very high, as few of those who rushed to find gold cared to work

for wages. At Cooktown, the nearest port to the Palmer, the wages of mechanics such as carpenters and blacksmiths, useful on a new settlement, rose to 15s. per day, but prices were correspondingly high. At Cooktown bread was sold at 1s. 8d. per quartern loaf, mutton of very poor quality at 1s. per lb. ; beef was unprocurable.

The increasing prosperity of the labouring classes soon led to a revival of the "eight-hours day" movement, which was begun in 1865, but had almost dropped out of sight during the hard years that followed. On 1st March 1872 a demonstration in favour of the principle was held in Brisbane, and thenceforward every year was marked by an official celebration. This first demonstration was a small affair, only about fifty men belonging to various branches of the building trades taking part in it. These were not the only unionists in Brisbane. There were many who might have liked to show their loyalty to the movement, but had no fancy for parading the streets ; indeed, it was not until much later that the working classes accepted the idea of an organized procession as a useful demonstration of labour solidarity. Outside the mechanics of the building trade there were no organizations for common purposes, and *apropos* of this the *Brisbane Courier* in 1872 congratulated the colony on having been so far free from strikes of any kind. Labour had no friends in the Press and none in Parliament, otherwise a case which occurred at Maryborough in September 1872 might have provoked comment of a critical character. As it was, there was no such comment, and the case sufficiently illustrates the conditions surrounding employment. Fifteen men were charged with absconding from the hired service of their master. They had been engaged in Sydney by an agent at £40 per annum with rations. On arriving at Maryborough they discovered that the rate they had accepted was below the current rate, and they therefore declined to work for less than £52 a year, which was the sum paid to other labourers of this class. Five of the men, who pleaded guilty, were allowed to return to their employer ; the rest

were fined, and eight of them, unable to pay the fine, were sent to gaol.

The small leaven of trade unionism was, however, at work in the colony, and immigrant mechanics, accustomed to English conditions, were good material upon which to operate. In 1872 several large boot factories had been established in Brisbane. It was thought that amongst the employees there was material for a fairly strong union ; and the Protective Union of Bootmakers was formed, with the object of creating “ a fund for the periodical payments to members on strike.” This was followed by the formation of a seamen’s union for the Port of Brisbane, which at once put forward a demand for an increase of wages, coupled with the threat of a strike if the claim was not complied with. The advance was conceded with little demur. What was practically the first strike in Brisbane was that of the bootmakers, the formation of whose union has just been mentioned. The membership of the union had not fulfilled the expectation of its founders, but, emboldened by the success of the seamen, it ventured on a contest with the manufacturers. The occasion of the strike was the introduction of a new machine for sewing soles to uppers, the effect of which, according to the showing of the men’s representatives, would be to reduce the average wage of operatives from 48s. per week to 30s. or thereabouts. A demand was put forward for the withdrawal of the machine, which was not conceded, and a strike ensued. Unfortunately for the strikers, the employers readily obtained all the labour they required from Sydney ; some of the men were glad to go back to work on the employers’ terms, but the majority were displaced, and had to seek other employment.

A trade union having a dispute with an employer was not at the time able to rely upon the support of other unions, and disputes *à l’outrance* were on that account infrequent. In their weakness the unions looked to secure from the Legislature what they could not compass by force. As early as 1873 the Trades Hall, Brisbane, became the

centre of trade unionism in Queensland, and of all labour movements in the colony. It had not indeed the dominating position that the corresponding bodies at Melbourne and Sydney had already begun to assume, but it was widely respected and commended for its moderation. At the suggestion of the governing body of the Trades Hall, an effort was made in 1874 to secure the universal adoption of the eight-hours day by legal enactment. The "Statute Day for Labour Bill" was introduced and read a first time. It provided that the standard working day for adults should be eight hours, and forbade, under penalty, the employment of children under twelve years of age during school hours, and of persons under sixteen years between 8 P.M. and 5 A.M. The Bill was negatived without division on the second reading, and not revived during this period, but in March 1876 a meeting of delegates from different trade societies was held at the Trades Hall for the purpose of taking preliminary steps towards making the eight-hours day statutory.

The Queensland workers claimed that the climate was such as to make it impossible for manual labourers to work with efficiency longer than eight hours a day, and this claim was tacitly accepted by all employers in Brisbane, except the Government and those who employed labour on the wharves. In March 1876, inspired by the revived interest in the eight-hours movement, the wharf labourers struck for a shorter day, and appealed to the Government to make eight hours the rule for all men in its employ, anticipating, if this were conceded, that the employers of labour on the wharves would do the same. The Government professed sympathy with the men's demand, and, while unable to interfere with existing contracts, undertook that an eight-hours day should be stipulated for in all new contracts for railway construction. In adopting the eight-hours principle the Government was followed by the wharf-owners and stevedores, but the men had to suffer a slight reduction in wages. Previous to the strike they had been paid 7s. 6d. for a

nine-hours day, but for the eight-hours day they agreed to accept 7s.

Although the opening years of the period were generally favourable to labour and marked by better employment and advancing wages, there was during a part of the time a considerable amount of unemployment, and even destitution, amongst one class of the population. The Government, as we have seen, had revived its policy of immigration, and was canvassing the United Kingdom for farm labourers. The labourers found it very difficult to adapt themselves to other work than that to which they were accustomed, and when they arrived in Queensland, if there was no farm work to be had, they remained unemployed. During 1874 the Government agents were actively employed in sending out agricultural labourers, and were able to obtain them in such large numbers that the small market for this class of worker became over-supplied during the following year. Wages naturally declined, especially for men without colonial experience, and large numbers of newly arrived immigrants remained in Brisbane, unable to secure employment. The Government sought to ease the situation by sending the unemployed immigrants to the northern coastal districts, where wages were nominally higher than in and around Brisbane, and where it was reported there was a demand for farm workers. This action merely transferred the labour trouble to another place. The small demand in the northern districts was quickly satisfied, and in the concluding months of 1875 many of the men sent from Brisbane were compelled to remain for several weeks at the depots to which they had been sent, without any opportunity offering for their employment. While at the depots they were maintained at the public expense, and, to relieve itself of this charge, the Government brought the men back to Brisbane.

As immigrants continued to arrive in large numbers, the difficulty in regard to their employment greatly increased, and at the beginning of 1876 newly arrived

immigrants were faced with the alternatives of very low wages or starvation. Prior to the influx of immigrants, farm labourers had been accustomed to receive a minimum of £32 : 10s. a year, with rations and shelter ; now they were driven to accept £14 a year, and in some districts, like the Mackay, even lower wages were current. The failure of the sugar crop was the original cause of the distress in the last-mentioned district, and many men were tramping up and down seeking work and unable to find it. The opportunity of obtaining cheap labour was taken advantage of by the pastoralists, and where men were willing to accept 5s. a week with rations they found employment. The unemployed immigrant trouble passed away without the direct intervention of the Queensland Government ; some of the unemployed found their way to New South Wales, but the majority ultimately obtained work at their own callings in the colony. That there should have been batches of unemployed immigrants in a community where labour, even of the roughest kind, was in great demand, is explained by the peculiar mental attitude of the agricultural labourer. Although the Government was still actively concerned in railway construction, for which the labour requirements were so great that navvies had to be procured from England, the agricultural immigrant refused to offer himself for this employment. He had come to Queensland to engage in a certain description of work, and to none other would he put his hand ; time and association with labourers of colonial experience would ultimately change this attitude, but it usually continued long enough to be a bar to the progress of the labourer himself, and at times a serious inconvenience to the community.

Mention has been made of the lack of employment in the sugar district owing to the failure of the cane crop. The labour in the cane-fields and at the mills was mainly supplied by Kanakas, and the immigrants who were vainly seeking work, although they had not previously worked in the cane-fields, ascribed this unemployment to the com-

petition of coloured labour. There was unquestionably a marked preference on the part of the planters for this class of labour. It was undoubtedly cheaper than white labour, Kanakas being usually paid 10s. per month, with food and lodging, whereas the cheapest white labour claimed £2 : 10s. per month ; but his comparative cheapness was not the only or even the principal virtue of the Kanaka in the eyes of the planter. The employer looked for men who were docile, easily managed, and willing to bind themselves for long terms of service. The white labourer rarely came up to this standard, but the Kanaka usually did do so, and gained favour. The requirements of the pastoralist were somewhat similar to those of the planter, and time-expired Kanakas readily found employment on cattle or sheep stations. The extent of this employment was never great, but, such as it was, it was very much resented by the white labourers.

At this time also the competition of coloured labour in other employments began to agitate the minds of the working classes. The opening up of important goldfields had led to a considerable increase in the Chinese population of Queensland, drawn not only direct from China, but also from the other colonies, and from gold-mining the Chinese were passing gradually into other occupations. In the western districts the pastoralists had at all times experienced difficulty in obtaining sufficient white labour for their requirements, and they welcomed the docile Chinaman, or any coloured labourer, whenever they could secure him. Some of the stations in remote districts were worked almost entirely without white labour, and there was a genuine fear, on the part of the bush workers, that there would be an intrusion of coloured labour into other and more important areas.

Towards the close of 1878 there was a dispute between the Australian Steam Navigation Company and its men in regard to the employment of Chinese in the company's steamers, and a strike was called. The dispute arose in the southern colonies, but as the boats traded with Brisbane

and other northern ports, the strike speedily spread to Queensland. The weekly service between Brisbane and Rockhampton was maintained, but the boats were obliged to sail without cargo, as labour for loading and discharging was not obtainable. The Australian Steam Navigation Company was a Sydney company, and Queensland was not greatly concerned in the issue, but public opinion was strongly against the Chinese, and the Government, of which Griffiths was Premier, notified the company that if it continued to employ Chinese the subsidy which it received for carrying the mails would be discontinued. This action of the Queensland Government, coupled with the attitude of Parkes in Sydney, had a determining effect, and on 2nd January 1879 the company settled the dispute in Sydney by removing the Chinese from its Australian boats.

Droughty conditions prevailed in Queensland during 1877 and 1878, but employment remained good generally until the last quarter of 1878, when there was a falling off in the demand for pastoral labour. The season 1878-79 was excellent, but the previous severe drought had greatly reduced the resources of the pastoralists, and they curtailed work on their runs wherever practicable. Large numbers of men, who had been erecting fences or making wells, dams, and other improvements, were discharged from their employment, and found themselves under the necessity of tramping over the country in search of work. It was unfortunate that, at the same time, the alluvial goldfields began to show signs of exhaustion and the quartz mines lacked capital for their proper development. In May 1879, when a count was made of the goldfield population, it was found that the Europeans working on the fields were 1000 less than in the preceding year, and the Chinese less by about 2400. The tin mines also showed a diminishing return, and work on the important copper mines at Peak Downs had stopped. At this inopportune time, when the families of many of the miners were being maintained by contributions from the public funds, the Government

decided to reduce its expenditure on public works. The staff employed at the Ipswich railway works was cut down, and men on other public works were dismissed. Immigrants were still coming to the colony in considerable numbers, but at the opening of Parliament the Governor's speech dwelt upon the diminished demand for labour, and declared that it was the intention of the Government to reduce the number of persons who would be brought to the country at the public expense.

The drought had entailed a severe drain upon the resources of the banks, owing to the inability of the pastoralists to carry on without assistance. This was now no longer given them; no money was forthcoming for mining operations, and the advances made to industrial enterprises were greatly curtailed. The result of these stringent monetary conditions was seen in increased unemployment, which lasted until about the middle of 1879. During the latter half of this year the prices of wool and tallow rose considerably; the pastoralists were therefore able to discharge a fair proportion of their indebtedness to the banks, and the monetary situation became easier. The Government was again in possession of sufficient funds to prosecute vigorously its public works programme, and it was soon employing as many men as were available.

The sugar industry had not suffered from drought and continued to make progress; large areas of sugar lands were acquired from the Government at Cairns, at the mouths of the Johnston and Burdekin Rivers, and at Bundaberg. In the Rosewood scrub, about 35 miles west of Brisbane, cane-growing was attempted by German settlers, without resorting to Kanaka labour, and it was shown that in southern Queensland, whatever might be the financial results of the experiment, the employment of white labour in the cane-fields was entirely practicable. In the northern districts it was still held to be impossible for Europeans to supplant coloured workers; at the same time it was maintained that the employment of Kanakas

was of advantage to the community at large, forasmuch as four or five white workers were directly required to every hundred Kanakas employed, and one or two others indirectly. But the coloured labour question was not destined to be solved until the establishment of the Commonwealth made the importance of cheap labour secondary to ethnic considerations.

Before the close of 1880 the depression due to the drought had passed away completely; there was a consistent demand for labour in Brisbane as well as throughout the country districts; building operations were carried out on an extensive scale, several public undertakings of an important character were put in hand, and artisans of all classes were kept fairly busy. These prosperous conditions extended to the following year, and 1881 saw a remarkable revival in the pastoral industry of the colony. This revival was particularly noticeable in the far western districts, where large amounts of imported capital were employed in acquiring and stocking new country. There was also a strong revival in gold-mining, due to the discovery of important new fields. At Gympie, towards the middle of 1881, there were several notable finds, which were immediately followed by eager rushes, and discoveries of almost equal importance were made in the northern districts of the colony. There was on all sides a strong demand for labour, which the Government at once endeavoured to supply by the introduction of immigrants in large numbers, and the newcomers experienced no difficulty in procuring what appeared to them well-paid employment.

The summer of 1881 was very dry, especially in the southern and central coastal districts; at the end of January 1882 there was no grass to be seen on the Darling Downs and other southern districts. In Brisbane the supply of milk and butter ran short and the farmers suffered severe losses. Abundant rains, however, fell in February, and by the end of March there was a good supply of grass and water everywhere. The effect of the

drought upon employment was very slight, and soon passed away.

Queensland had obtained a large amount of capital during the five years 1876–80, nearly five millions having been brought to the colony on Government account, and over three millions by private capitalists; the golden stream continued to flow even more freely during the following five years, and nearly twenty millions was introduced, seven millions by the Government and the balance by private persons. It was not possible for a community so small and so scattered, the population in 1881 numbering only 213,525, to have used all this money to good advantage. Speculation was rampant, and Brisbane enjoyed a land and building boom, only second in extravagance to that of Melbourne. The city was rebuilt and greatly extended. As early as 1882 the small weather-board houses of three or four rooms, which had been the most usual form of dwellings, gave way to better wooden structures or brick or stone buildings, and in the principal streets fine blocks of buildings were rising. All descriptions of workers were in demand, and in some trades there was a great shortage of labour. To meet this the Government busied itself greatly in obtaining immigrants, and so successfully that during the three years 1882–84 the adult male population was increased by about 50 per cent. At the middle of 1883, the year of greatest immigration, the supply of labour, in the more accessible districts, was brought to a fair equilibrium with the demand, but on the distant stations complaints of the scarcity of labour were incessant. The newly arrived immigrants naturally refused to go to the remote districts, where the conditions of life and labour, even at their best, were crude and devoid of encouragement. Nevertheless, the Government continued to recruit labour in England, and the labour equilibrium was destroyed. In nearly every trade there was an excess of labour, and large numbers of newly arrived immigrants were congregated in Brisbane awaiting employment. The authorities in charge of the immigration

department followed the course usual on such occasions, and distributed some of the unemployed to the northern ports, where they would be out of sight, but the manœuvre was without success. In the small communities to which the immigrants were sent, a mere handful of unemployed were able to attract a considerable amount of notice, and the detachments sent away from Brisbane did not neglect their opportunities. In any circumstance the relief afforded by their departure was of little avail, owing to the arrival of others, and in November 1883, 300 newly arrived immigrants presented a petition to the Legislature, in which they contrasted their condition with the hopes held out to them. The Government offered to grant them free passes to the inland districts as "there was no doubt a congestion of the labour market about Brisbane, and to some extent this may be the case in other coast towns." The Government was entirely at fault in its policy of immigration. Convinced of the great natural resources of the colony, it most recklessly added to the working population by immigration from England, expecting the newcomers to be absorbed into the general population without difficulty, and making no provision for their effective settlement. The only provision made by the Government for the absorption of labour was the continuance of its public works policy, to maintain which money was very freely borrowed. There were, however, limits even to public works expenditure, and, in face of the growing menace of unemployment, instructions were sent to the Agent-General to restrict the number of persons assisted to emigrate. This he did; but there were commitments which could not be cancelled, and the number of immigrants arriving in 1884 was still very large.

The labour position was greatly aggravated by a serious drought which began during the latter months of 1883 and continued with little mitigation until the middle of 1885. In December 1883 there was a large amount of genuine unemployment in the coastal districts, and this increased rapidly, so that early in May 1884 the Colonial

Secretary felt compelled to send out a notice to all the immigration officers at the ports and to the Clerks of Petty Sessions, instructing them to open Labour Bureaux to facilitate the bringing together of employers and men seeking work. From the reports of these officials it was shown that labour was superabundant in the north, especially in the Mackay and other coastal districts; but the establishment of the Labour Bureaux had little effect in diminishing unemployment. In the sugar districts the employers decreed a reduction of 10 per cent in wages, and this was perforce submitted to, the workers, both employed and unemployed, vainly holding frequent meetings of protest, and claiming that the power of the employers to compel the reduction was due solely to their ability to carry on the sugar industry by the help of coloured labour.

The condition of employment in Brisbane and other centres of population was causing the Government much anxiety, as it was useless to attempt to direct the surplus labour to the country districts, where, during 1884, employment grew steadily worse. Urged thereto by the clamours of the workless, the Government decided upon a plan to diminish the employment of Kanaka labour, and during 1885 the Queensland Parliament agreed to a proposal for the erection of central sugar mills, on the condition that the sugar brought to them should be grown by white labour. The sum of £50,000 was voted for the purpose, and a mill was built in the neighbourhood of Eton in the Mackay district, another at the Racecourse in the same district, and a third in the Port Douglas district. The experiment, regarded as an attempt to encourage white labour, was a failure. Very little effort was made by those interested to satisfy the condition laid down, and, in order that the State might not lose its money, the mills were almost immediately thrown open to sugar grown by coloured labour.

The end of the drought brought no immediate improvement in the demand for labour; indeed in the western districts the graziers, not now being compelled to travel

their stock, were able to reduce their staffs, thus adding to the number of the unemployed. From many of the country districts reports reached Brisbane of acute distress amongst the families of the unemployed, and in every town of importance there were frequent meetings of the men, demanding that steps should be taken by the Government to find work for those who required it. During 1886 the Government was spending as much money as it could obtain on public works, and directly or indirectly was providing employment for about 10,000 men ; an extension of its activities was therefore impossible. Immigrants were still arriving from England in considerable numbers, and a large proportion of them, content to take very low wages, found no great difficulty in obtaining work in the country districts ; those who remained in Brisbane and its vicinity continued unemployed. While the immigrants were being taken to the country districts, there to find employment, seasoned workers were leaving the same districts to go to Brisbane to seek better-paid work ; in reality, they did but swell the crowd of unemployed already in that city. In October 1886 a committee was formed and an attempt made to organize the unemployed and register their names and requirements, but the bulk of the men held aloof, feeling no pressing need to seek what they considered charitable relief. A deputation from this committee waited upon Griffith, but it represented only about 400 men ; this appeal to the Premier resulted in about 180 men being sent to the country to seek for work. The skilled mechanics who were unemployed refused to leave Brisbane, and sent a deputation of their own number to Griffith to urge upon him the necessity for the opening of special relief works for skilled men, at the same time demanding the cessation of immigration and the imposition of protective duties.

The Government had already as much work in hand as it thought safe to undertake, the public works expenditure for 1886 being the largest in the history of the colony ; but, even if means had been available, it is doubtful whether

the works expenditure would have been increased, as the Government looked to the development of the country to settle the unemployed question. The beneficial rains about the middle of 1886 had given the promise of a good season. Immigration, it is true, was not altogether discontinued, but the persons being brought to the colony were not such as would be likely to compete with labour already there; besides this, the crisis of unemployment seemed to be past.

In spite of the good season, employment continued to be inadequate during the greater part of 1887, improving only towards the end of the year. The Government was unable to maintain its public works expenditure at the same rate as in the preceding year, and the influx of private capital had almost ceased. In reply to an inquiry of the Labour Commission in England as to the state of employment in Queensland, the Trades and Labour Council reported that there was a demand for farmers with capital and, to some extent, for farm labourers, but that there was some unemployment, though not a great deal, amongst skilled artisans, and a considerable amount amongst general labourers. The Council gave the following account of the wages current in the colony :

Boilermakers, 9s. 4d. to 11s. per day, few receiving over 10s.

Brickmakers, 20s. per thousand, paying an assistant 27s. per week.

Moulders, 52s. 6d. per week.

Carriage-builders, 8s. to 11s. per day in Brisbane.

Carriage-builders, 8s. to 10s. per day in other towns.

Gasfitters, 7s. to 10s. per day.

Iron-moulders, 1s. to 1s. 3d. per hour.

Seamen and trimmers, £7 per month.

Navvies, 6s. to 8s. 6d. per day.

Plumbers, 7s. to 10s. per day.

Stonemasons and cutters, 11s. per day.

Wharf labourers, 1s. per hour.

Ploughmen, 12s. to 15s. per week, with hut and rations.

Farm labourers, 8s. to 15s. per week, with hut and rations.

The rates quoted were for an eight-hours day for all mechanics except carriage-builders, who worked nine hours; wharf labourers worked ten hours, and farm hands about the same. The most noteworthy feature of this statement is the wide range of rates paid. To some extent this was due to a difference between Brisbane and other parts of the colony, but in Brisbane itself widely divergent rates were paid, and the trade unions, after various attempts to secure a minimum wage, gave up the idea as impracticable.

The Trades and Labour Council was set up in 1885, mainly through the influence of William Lane, a journalist and writer of the most pronounced Socialistic views. He came to Brisbane in the early 'eighties, and almost immediately began to make himself felt in trade circles. In the *Evening Observer* and the *Boomerang* he drew vivid and impressive pictures of the darker side of industrial life, as he saw it around him, and pointed out with sympathetic acuteness the undesirable conditions under which much of the work was done. Though he was an idealist of the most extreme type, and preached Socialism as the only real remedy for the ills of society, he was also an excellent organizer and a practical reformer, alive to every step which could be taken, by trade organizations or by legislation, to improve the condition of the industrial worker.

When Lane came to Queensland, trade unionism was beginning to exercise some influence in matters affecting the relations between employers and workers. He greatly extended that influence, and made the Trades and Labour Council, the central organization of the unions, an important political body. Almost as soon as it came into being, the Council sent deputations to the Government to make suggestions in regard to the Employers' Liability Bill and the Trade Union Bill, which were at the time under the consideration of Parliament, and it was mainly owing to the pressure exerted by the working classes through the Council that these important measures became law. The Council also exerted itself in other directions.

It was persistent in its demand for a Factories and Workshops Act, and it induced the Government to refuse to accept, as assisted emigrants, certain classes of artisans and labourers. It was very natural that the spectacle of so much unemployment in a young country of great and almost untouched resources, and possessing vast areas of fertile lands available for settlement, should claim the attention of the Council ; and it appointed a committee to consider whether the adoption of a policy of State-aided land settlement would not solve the problem of relieving the overcrowded labour market. In May 1887 the Council met to consider the committee's scheme, which was that men might take up holdings of about eighty acres and live together in village groups, being provided at first with rations and tools by the Government, whose officers would superintend the general working of the settlement. No attempt was made at the time to give effect to the proposal, which is chiefly of interest as a precursor of the village settlements of a later date. In June 1887 the Council sent representatives to a Board of Conciliation, to which the Queensland Employers' Association also sent members, in order to discuss a proposal for the reduction of bricklayers' wages from 12s. to 11s. per day. Nothing came of this attempt at conciliation, as very few of the employers concerned were willing to accept the award of the Board, but it indicated the attitude of the Trades and Labour Council towards conciliation, in which it was largely influenced by Lane, who regarded strikes with great disfavour. How the minds of the Labour leaders were working may also be gathered from the address of the retiring President of the Council, who in August 1887, in reviewing the work done by the Council since its establishment, urged upon the industrial workers the need for organization, dwelt on the " inseparable union " of labour with politics, and urged every trade unionist to see that his name was on the electoral roll.

In spite of the discouragement given to strikes by the Trades and Labour Council, they were tolerably frequent

during 1887. The most important of them was the strike of the tramway men of Brisbane, which, like most of the others, was directed against the employment of non-union labour. The strike caused great inconvenience for a few days, but the management of the tramways had little difficulty in procuring the labour it required, and the strikers were glad to get back to work without obtaining any concession in regard to non-unionists. In none of the other strikes were more than a small number of men concerned, and all were unsuccessful.

Workers of all classes began to feel the benefit of a good season during the closing months of 1887, and throughout the whole of the year 1888 employment was remarkably good, especially amongst skilled mechanics; they indeed, whilst others were suffering, could look back on a term of good employment, which, with some interludes, had been continuous since 1881. Small strikes were rather numerous in 1888, and these are noteworthy on account of the attempts made to apply to them the principles of arbitration. These attempts were uniformly unsuccessful, in spite of the favour with which the settlement of disputes by arbitration was viewed by both the Labour Council and the Employers' Union.

During the year 1887 three kindred organizations were formed in Queensland for the benefit of labour: the Land Nationalization League, the Australian Labour League, and the Workers' Political Reform Association. The last of these met with little success, its meetings were sparsely attended, and even the visit of Henry George in 1889 did not bring to it any great accession of strength. It had some very earnest workers in its ranks, but the programme of the Association made but a very slight appeal to the popular mind, and its influence on Queensland politics was quite insignificant. The Labour League was of a very different character and influence. Its main object was "to so amalgamate the strength of organized unions as to ensure as far as possible fair consideration and satisfactory settlement of all disputes concerning work

and wages, to protect members against black-listing, to substitute fair industrial arbitration for strikes." It was, in fact, the forerunner of the powerful Federation of Labour, concerning which much will be said later. The formation of these, and other societies with somewhat similar objects, gave rise to a considerable amount of discussion in regard to the better organization and consolidation of the Labour movement in the colony. This was one of the principal topics discussed at the Fifth Intercolonial Trade Union Congress, held at Brisbane in March 1888, when the necessity for the support of unskilled by skilled workers was strongly urged. The necessity for the representation of labour in Parliament was also discussed, but these and other topics were overshadowed by the time and attention given to the question of assisted immigration, as it was to immigration that the unskilled workers of Queensland attributed the unemployment of previous years.

The trade union movement had grown very rapidly of late in Queensland ; the skilled labourers in the towns had greatly added to their strength, and the shearers, station labourers, and carriers were also organized. Lane had devoted himself specially to this part of the Labour movement, and his closest followers and warmest admirers were to be found amongst the shearers. The significance of this organization of bush workers was not unnoticed by the employers, who also began to organize. In April 1889 a conference of squatters and managers of western stations was held at Barcaldine, at which the menace to their interests of the newly formed unions was discussed, and it was arranged to form an association to be registered as a trade union ; a branch of the association was also formed by the Darling Downs pastoralists.

On 11th June 1889 the Australian Labour Federation held its inaugural meeting at the Maritime Labour Hall in Brisbane. The Trades and Labour Council had been allowed to drop out of existence, and the new organization undertook to perform the work of the defunct Council, as well as much besides. The blacksmiths, coopers, iron-

moulders, furniture trades, coachmakers, shipwrights, plasterers, printers, tanners, and curriers—ten unions in all—were represented at this meeting, but the Federation was not long in existence before all the important unions of the colony, including the powerful pastoral unions, adhered to it. The officers of the Federation worked hard to create a feeling of class-consciousness amongst all workers in the colony, and to foster the conviction that the interest of each union was the interest of all; but chiefly they strove to force all workers into the unions, and in season and out preached the doctrine of essential antagonism between unionists and non-unionists. There were many small strikes against the employment of non-unionists, and the strongest pressure was continually exerted by the unionists to bring their fellow-workers into the unions, or, failing that, to deprive them of employment. The means adopted were not usually of the gentlest kind, nor were they squeamishly applied. On their part the employers began to feel an active concern lest they should be left entirely in the hands of trade union workers, and wherever there was even the smallest chance of success they insisted on introducing or retaining non-union labour. In the pastoral industry especially, the state of tension was extreme. In 1889 a dispute occurred at Burenda, one of the largest stations in the Charleville district, where the Shearers' Union wished to select the shearers for the station, instead of allowing the manager to make his own choice from those who applied to him. The unionists declared that if the selection were made by the manager, men prominent in union circles would be black-listed, and a strike was called. The manager of the station would have experienced little difficulty in replacing the strikers by non-unionists, had the strike been persisted in. As it happened, the unionists gave way and the shearing proceeded. Disputes of this kind, and others affecting the employment of Chinese, were not uncommon, but would have been much more numerous had not Lane been strongly opposed to them, as being a useless dissipation of strength. In Lane's opinion

the time for action had not yet arrived, and he did his utmost to restrain the workers until all was ready. Meanwhile he sought to prepare them for the struggle which at the proper time he intended to bring on. The organization of unskilled labour was proceeded with rapidly and with extraordinary success. During 1889 the Central Queensland Labourers' Union, the Queensland Railway Employees' Association, the Timber-Cutters' Union, and the Brisbane General Labourers' Union were formed, and Queensland was made a district of the Amalgamated Miners' Association. This last-mentioned step was due to the efforts of W. G. Spence, one of the most successful organizers of labour in Australia, who thus brought into close touch the Queensland mining unions with those of Victoria, New South Wales, and South Australia.

Towards the end of the year 1889, Glassey, at that time the sole representative of Labour in the Queensland Parliament, with Hinchcliffe, the Secretary of the Australian Labour Federation, made a tour of the northern district of the colony to urge upon the workers the necessity of the organization and federation of labour. Everywhere they were greeted with enthusiasm; many who had held aloof now threw in their lot with the Australian Labour Federation, and the linking up of the unions was continued after the visitors had completed their mission.

Both the employers and the workers engaged in the great pastoral industry were now very well organized, and it was plain that when the struggle between them came—and come it might at any moment—it would be very serious and have far-reaching consequences. The *Brisbane Worker* had just been established as the recognized organ of the Labour Party, with Lane as editor, and in its columns he did his utmost to get the workers to avoid small local strikes and give their attention to the demands which they must ultimately make upon the employers. These he hoped would be well considered and put forward at the beginning of 1891, when it was expected that the organiza-

tion of the whole of the trades of the colony would be completed. Lane firmly believed that, with this power behind it, the "slate," as the formulated Labour proposals were called, would be accepted without the necessity of a strike, and that Labour would gain some very solid advantages. On his part, when the slate was conceded, Lane was prepared to promise the employers a two years' freedom from further demands; he won over to his views the officials of the unions, and from the unions as a whole he received strong support. In spite, however, of Lane's authority and the warnings given by the *Worker*, the rank and file of the unions were very difficult to control. With them there was no time like the present for putting forward demands, and small disputes were breaking out continually. Between the responsible leaders on both sides there was a willingness to hear the other side, and occasionally a commendable moderation in the adjustment of claims regarding wages, allowances, and trade practices. On the subject of the employment of non-union labour the shearers and the pastoralists were irreconcilable, and there was therefore a ready-made excuse for a dispute should either side be in the humour for a quarrel. The Queensland shearers' unions in their hostility to non-unionism went much beyond the southern unions. The Amalgamated Shearers' Union in the other colonies insisted that shearing should be done under union rules; it did not insist on union labour. In Queensland, the shearers not only demanded to work under union rules, but strongly objected to the presence of any non-union workers at any station where they were employed.

Early in 1890 the Queensland shearers thought themselves strong enough to force the pastoralists to employ none but union labour, and as a means to that end they proposed to stop the carriage and shipment of "non-union" wool. The wharf labourers, having joined the Australian Labour Federation, were called upon by the shearers to refuse to handle such wool. The pastoralists were equally anxious to have the matter brought to an

issue, and, as a test case, had the sheep on the Jondaryan Station shorn by non-union men. The Shearers' Union called on the Australian Labour Federation for help, and the wharf labourers were instructed not to handle the wool, which was therefore held up at Brisbane. The Federation next asked the shipowners not to put the wool on their ships, and on 12th May 1890 there was a conference between representatives of the pastoralists, the Labour Federation, the British India and the Queensland Navigation Companies. No decision was reached at this conference, but the union delegates were pacified in some degree, and the pastoralists offered to submit the question to the decision of the majority of their members. The two Employers' Unions shortly afterwards met the Australian Labour Federation delegates, and an amicable arrangement was arrived at. The employers agreed to employ only union shearers, provided that satisfactory agreements and rules could be arranged between the Pastoralists' Unions and the Queensland Shearers' Union. In the meantime the ban on non-union wool was removed, and as a matter of grace the Federation paid the sum of £75 to the British India Company, to indemnify it for the detention of its steamer, owing to the holding up of the Jondaryan wool. About three weeks later, on 12th June 1890, delegates of the Darling Downs pastoralists and the Queensland Shearers' Union met and agreed upon a memorandum of contract for use by shearers and a set of shed rules. The management of the Jondaryan affair was looked upon by the trade unionists as a veritable triumph in diplomacy, and Spence, who had a large share in bringing the business to a successful conclusion, thereby very firmly established himself in the counsels of his party.

During the whole of this dispute, which if it had continued would have drawn in the maritime workers in the other colonies, the *Worker* was conspicuous in using all its influence on the side of peace. The Australian Labour Federation had been drawn into the dispute unwillingly, as it had advised the affiliated unions to abstain

for twelve months from seeking concessions from their employers. Lane in the *Worker* expressed his gratification at the organization of the Queensland employers, arguing that it was much more satisfactory to deal with a representative body than with individuals. The public at large was also well content at the turn affairs had taken, and while negotiations were satisfactorily proceeding the Brisbane Chamber of Commerce, at a special meeting, decided to call together employers and employed, to consider the propriety of establishing permanent Boards of mediation and conciliation.

On 1st August 1890 the first annual session of the General Council of the Australia Labour Federation met at Brisbane. Representatives were present from the Charters Towers, Townsville, Wide Bay, Rockhampton, Burnett, and Brisbane districts, and its chief work was the drawing up of a political platform to be submitted to the different districts. "Federate as we will," it was declared, "little indeed can be done so long as industry is conducted solely for the profit of the few . . . and so long as society neglects the duty of enforcing social justice and of reforming an industrial system which compels the toiling many to surrender the greater part of their wealth-production to the few." It "recommended . . . the members . . . to authorize its Executive to declare that the competitive system is destructive, pernicious, and altogether evil, and must be replaced by a social system which will not leave it in the power of one man to take advantage of the necessities and disabilities of another." The platform was of the most outspoken Socialistic character, as might be expected from such a preamble.

The meeting of the Federation was just over, and comment upon its doings was at its full height, when, on 15th August, the news reached Brisbane that the members of the Marine Officers' Association had been withdrawn from their vessels, and the maritime strike, as it was called, had begun. A detailed account of this great event is given in another place. The Queensland shipping interests

were not important, and the strike was not welcomed in unionist circles, but during the conflict all the Queensland unions gave sympathetic support to the southern unions. On 18th October 1890, when the strike was drawing to its inglorious end, the *Worker* said : ". . . the existing struggle must have impressed upon every one the imperative necessity of readjusting the relationship now existing between union and union. Unless some federal scheme be adopted, the unions are threatened with possible destruction by very reason of their instinctive but at present unregulated desire to stand by each other." The strike had been a severe blow to the hopes of the *Worker*, which had seen the forces of trade unionism in Queensland frittered away in an ill-judged quarrel.

The conclusion of the maritime strike did not bring to Queensland either peace or comfort. There was no rapid recovery in trade or employment, and the course which the strike had taken encouraged employers to resist all demands for improved wages or conditions of employment. Lane had cherished the hope that the presentation, at the appropriate time, of the demands of organized labour would be followed by a bloodless victory ; he was now completely disillusioned, and was compelled to admit that the recent strike had clearly shown how much less formidable in action was consolidated labour than he and most other persons had anticipated. A large section of the employers, seeing that the federated unions had been successfully opposed, thought it would be easy to deal with the individual unions, disorganized as they were by the strike, and they determined to press their advantage. Amongst these were the Queensland pastoralists, who, backed up by their fellows in Victoria and New South Wales, lost no time in bringing forward a new shearing agreement which they proposed to adopt during the approaching season. The agreement differed in some respects, more or less important, from the agreement which had been usual. Spence, in giving evidence before the Strike Commission in Sydney in January 1891,

enumerated the points to which the men objected. These were the non-recognition of the unions, the fact that all reference to the eight-hours day of work was omitted, the power given to the employer to limit the number of sheep shorn, and to decide whether sheep were too wet for shearing, and the obligation placed on the shearers to provide combs and cutters and to tar all cuts. In fact, however, as Spence admitted, the real objection was the first. The men were determined not to accept an agreement which their trade union officials had had no part in framing and were to have no part in administering. At a meeting of the shearers at Blackall in December 1890, various objections to the new agreement were put forward, and it was plain there was trouble in store for the pastoralists. Shearing in Queensland is begun early in the year, and on 5th January 1891, 200 shearers and rouseabouts arrived at Logan Downs to undertake the season's shearing. The manager of the station put before them the pastoralists' agreement, which the men declined to sign, refusing to engage themselves except under the verbal agreement approved by the Queensland Union. Compromise was impossible, and as neither side would give way the shearers left the station and went into camp at Clermont. The shearers at Gordon Downs took the same course, and it became evident that there would be great difficulty in enforcing the new agreement in Central Queensland, albeit on the Darling Downs it had been accepted by the shearers, and shearing had already begun under it. The pastoralists met at Barcaldine in the middle of January, and gave the shearers of the Central district a fortnight to reconsider their determination, but when that time had expired and the men still refused to give way, the employers set themselves to find out workers willing to accept their conditions.

The Queensland pastoralists were receiving material support from the southern colonies, and after a general consultation it was decided to attempt to break the resistance of the unionists by bringing in free labour, and recruiting was at once undertaken in Melbourne for work

in Queensland. On the other side, the Amalgamated Shearers' Union of Victoria and New South Wales was supporting the Queensland Union, and doing its best to prevent men going to Queensland to replace the strikers.

With the fact of its successful intervention in the Jondaryan affair in mind, the Australian Labour Federation sought to mediate between the pastoralists and the shearers. Hinchcliffe, the secretary, commenced proceedings by inviting the Federated Employers' Union of Queensland to arrange for an open conference between the Shearers', the Labourers', and the Pastoralists' Unions, and offering to produce at such a conference evidence that " freedom of contract may be abused by the victimizing of unionists." The expression " freedom of contract " which was thus used, and which throughout the strike was made to serve as the definition of the cause of the dispute, was declared by the employers to mean that they were to be free to employ suitable labour, whether unionist or not. Further, the absence of any reference to the trade unions in the new agreement was to be regarded as due, not so much to hostility to trade unionism, as to indifference. The Queensland shearers on their part had long stood out against non-union labour, and their chief objection to the agreement was its omission of any sort of recognition of the unions. As the strike proceeded, it was protested by many unionists that the objection to " freedom of contract " was at bottom an objection to the use of Chinese labour, and Spence himself, writing on the subject in 1909, declared : " The stand made by the shearers . . . in 1891 was not only against a reduction of wages and an attempt to introduce ' freedom of contract,' but was principally against the introduction of Chinese labour." This is entirely wrong. The question of Chinese labour was not in any sense a real issue ; the references to it were introduced in order to embitter the feelings of the men on strike, and to suggest a grievance which would appeal powerfully to a large public.

The Employers' Union replied to Hinchcliffe's suggestion

of a conference, that it would be willing to discuss matters at issue if freedom of contract were recognized beforehand. Under these circumstances no conference was held. At the end of January 1891, the strike committee of the Central district issued a manifesto on the causes of the dispute, declaring that "an unprovoked and unjustifiable attack" had been made on the Queensland Shearers' Union and the Labourers' Union, by the Squatters' Association. It declared that the obvious intention of the squatters was to wipe the unions out of existence, but added : "If the worst comes to the worst, we can always ride down to Brisbane and ask the Government that swamps in surplus labour to help capital to degrade wage-earners what it is going to do with 10,000 able-bodied bushmen, unemployed because they hung out for the fair thing."

The shearers of the Central district had now assembled in large camps, where they were being maintained by the contributions of various unions, and whence they sent pickets to pastoral stations to intercept any men who might be looking for employment. Most of the men in the camps were armed, so that the risk of disturbance was very great. On 10th February 200 men recruited in Melbourne were landed at Rockhampton, where a special train awaited them, and, in spite of the presence of a large crowd at the wharf, they were entrained for the journey westward without molestation. When the free labourers reached the end of their railway journey and set off by road for Wolfgang station, they were set upon by a large crowd of unionists, and so intimidated that many of them went to the unionist camp. Other contingents followed, and, though well guarded, were conveyed with difficulty to the pastoral stations.

On 14th February a meeting of about 1000 unionist shearers was held at Barcaldine, which decided "to take specific action to persuade the men who have arrived from Victoria and New South Wales not to go to work, and if unsuccessful in persuasion then force to be used to prevent them from working." The Government was now

convinced that it was in the presence of an armed insurrection ; without loss of time it despatched mounted police and mounted infantry to Clermont, to deal with any disturbance that might arise, and on 23rd February it called upon the strikers at Clermont to disperse and lay down their arms. This appeal met with no response from the actual strikers, but on 3rd March the Australian Labour Federation issued a manifesto declaring that "an organized attempt" was being made by "Australian capitalism to break down unionism. It is backed by the unlimited funds of the Banks and the Federated Employers' Association and endorsed by the Queensland Government." This manifesto was in fact an acknowledgment that the strike was hopeless, but the more hopeless the issue the more embittered and violent grew the strikers. On 7th March three well-known pastoralists were on a train at Clermont, when a riot broke out and seven unionists were arrested. These men were subsequently tried and received long terms of imprisonment. Shortly after the Clermont riot an attempt was made to wreck a train conveying troops to the scene of the disturbance, but the affair miscarried. Non-unionists were now at work on most of the contested stations, and the strikers' last hope of success was centred upon the expectation of a general strike of labour throughout the colony. There was, however, no possibility of such a development ; it was not even seriously contemplated by the officials of the Federation, and every day that passed made it increasingly evident that shearing would be completed and the wool sent down to the ports, in spite of the efforts of the unionists.

The pastoralists met in Brisbane on 16th March to consider the situation, and resolved that "should the present hostile attitude of the bush unions be abandoned, the desire of pastoralists is to let bygones be bygones and to engage men on their merits as workmen without inquiry or consideration as to whether they are unionists or not," and further gave notice of their intention of engaging additional men. On 24th March three of the principal

strike leaders who were in the camp at Barcaldine were arrested, and eleven were taken at Capella. On the following day additional troops were sent from Brisbane, and the members of the strike committee at Barcaldine were arrested. The arrest of their most prominent leaders had the effect of greatly disheartening the strikers ; the men deserted the camps in ones and twos, ostensibly to return home, but in reality to offer themselves for work at the sheds, and the pastoralists were soon in a position to engage all the labour they required, on their own terms. There were still, however, considerable numbers of shearers in the camps, where they remained during April, watched by the police and without the slightest hope of gaining any one of the points for which they had been contending.

The Carriers' Union, whose headquarters were at Barcaldine, decided, on 14th May 1891, to call off the strike, but this was a pure formality, as the majority of the union had already been at work for the pastoralists for several months. Subscriptions in support of the strike were coming in very slowly, and at the beginning of June strike pay could no longer be given to the men in camp. On the 12th of that month a meeting was held at Tambo, when the shearers were advised by their leaders to leave the camps and seek work. At Charleville and Clermont meetings were also held and similar advice given. At these meetings the men were told that if possible they should avoid signing the pastoralists' agreement ; useless advice indeed, seeing that their chance of obtaining work was extremely slight, as the pastoralists were by this time full-handed. The camps were now closed ; the men gradually dispersed, penniless, demoralized and embittered, but determined that the battle should be fought again at the earliest opportunity.

Before the close of the strike the arrested leaders were indicted for conspiracy to induce and force other men "to depart from their hiring," and on several other counts, all framed on the Act 6 Geo. IV. c. 129, which remained in force in Queensland, as it had never been repealed there,

though it was in force in England no longer. The trial began at Rockhampton on 20th May 1891. Two of the men were acquitted ; the rest were convicted and received sentence of three years' imprisonment with hard labour. At the same time six men, accused of rioting at Peak Downs, were also convicted and received sentences of from eighteen months to three years with hard labour, and one man, convicted of using seditious language at Barcaldine, received a sentence of two years with hard labour. The employment of an obsolete statute was ill-judged ; the very severe sentences recorded under it had the effect of greatly embittering the feelings of the men, already exasperated by defeat, and while they were being served they kept alive in the minds of the militant wing of the Labour Party a sense of injustice and a conviction that the Government of the colony was on the side of the opponents of labour.

Although the Queensland Shearers' Union was defeated in the strike of 1891, the victory was a very costly one for the employers. The labour which they were compelled to use was both dear and bad, the incidental expenses connected with the strike and safeguarding their runs were great, while the uncertainty as to the shipment of the wool, when it reached Brisbane, involved them in considerable losses. Nor were the pastoralists the only sufferers. During the course of the strike and for some time afterwards trade suffered greatly, enterprise was crushed, the credit of the Government impaired, and the financial resources of the colony seriously diminished.

In August 1891 the pastoralists' and the shearers' representatives met in New South Wales for the purpose of arranging a form of contract for future use. In none of the southern colonies had feeling run so high as in Queensland, and there was no serious divergence of views between the parties engaged in this negotiation. The agreement arrived at provided that non-union labour might be employed ; to this, after the recent Queensland experience, the shearers' representatives considered it prudent to consent.

In other respects union practice was closely followed, and the pastoralists' representatives expressed themselves as desirous of avoiding anything that would penalize unionism. The Queensland employers and shearers were not parties to the making of this agreement, but they accepted it, and by it the shearing of the seasons of 1892 and 1893 was regulated.

Employment had been by no means good in Queensland before the great strike. In January 1891 meetings of the unemployed were of daily occurrence in Brisbane. The Australian Labour Federation, which had opened a Labour Bureau, reported that between 700 and 800 men were out of work in the city, and the management of the Government Labour Bureau confirmed the serious nature of the position. Labourers and mechanics in the building trade were the classes chiefly affected, and the Government, in addition to providing employment for some of these, and giving railway passes to others in order that they might go to the country districts in search of work, was distributing food relief to destitute families. In the middle of February Griffith received a deputation of the unemployed, by whom he was told that only 20 per cent of the bricklayers in Brisbane had been employed for the preceding nine months; that the average earnings of carpenters had not exceeded 5s. per day for the previous year; that printers were not earning more than 18s. to 25s. a week, and builders' labourers 22s. to 24s. These statements were practically all correct, and the men demanded that new works should be put in hand, that immigration should cease, and that legislation should be passed which would enable the unemployed to take up land in village settlements.

The Government's credit was no longer good, and its public works expenditure had to be slackened rather than increased. No extraordinary steps were therefore taken by it to meet the rapidly increasing distress, beyond reorganizing its Labour Bureau. On the day the Bureau was reopened, it was crowded all day long by men out of employment, and nearly 2000 persons presented themselves

for registration during the first few weeks. About one-third of the applicants were undeserving of assistance, and the officials disposed of the rest by obtaining for them temporary work or by sending them to the country districts, whither they were despatched at the public expense. In spite of these efforts of the Government, unemployment in Brisbane continued to be very considerable, and many men were working short-time.

All necessary commodities had grown very cheap ; house rents had fallen considerably, and food prices were exceedingly low, so that persons whose wages had been lowered, or who were only partially employed, did not suffer to the extent that the fall in their incomes would appear to connote. The trade unions still maintained the fiction that wages were on the level of those of 1889, but it would have been difficult to find any but exceptionally skilled workmen whose wages had not been greatly reduced.

The summer of 1891-92 brought no improvement in employment. In February 1892 the head of the Labour Bureau reported that even at Toowoomba, where agricultural labourers were usually in good demand, employers were over-supplied with labour. In the Roma and Charleville districts there were many unemployed, and Barcaldine and the surrounding district was overrun with men in search of work. The demand for poor relief increased daily, and grew so extensive as to be beyond the capacity of the Board of Relief, a voluntary body which had dealt with necessitous cases for many years. The business was transferred to the Labour Bureau, which was a public department. This change was not effected without disturbance. On 16th March a crowd of women who had collected at the Bureau to receive relief, and who were being dealt with very slowly and in a manner which seemed to indicate that indigence and wrongdoing were closely allied, sought out the Colonial Secretary, and complained of the treatment meted out to them. This incident brought the existence of great destitution to the knowledge of the public generally, and led to an increase in private charity.

and an improvement in the methods of public relief. There were no workhouses in Brisbane, and in ordinary years there was no need for relieving officers or inspectors; but so many claims were now being made on the Government that, in default of regular officers, it sought the assistance of the Salvation Army for the investigation of cases of unemployment and demands for relief. This arrangement was highly unpopular with the artisan classes, and had to be abandoned. In Brisbane 900 families were in receipt of public relief, and there were many more on the border line of destitution.

In May 1892 the financial crisis had already begun, and the public works expenditure of the colony could no longer be maintained, so that a considerable number of men hitherto employed were thrown out of work. The depression was everywhere appalling. The Government was powerless to deal with the tragedy of unemployment. The country districts, even the mining-fields, swarmed with men seeking work, and, for lack of it, demanding food at the squattages and selections. Twice the number of men that could be taken on offered themselves at some stations, and in the Mitchell and other districts the shearers felt themselves compelled to apply to the police, to prevent their mess tables being rushed by starving men.

On 3rd June 1892 a deputation of the unemployed saw Griffith, and asked that he should provide work instead of offering relief. The Government was finding it difficult to obtain money for the payment of the men already engaged on public works, and to extend its operations was impossible. Shortly afterwards it made a public appeal to employers to give work to more men, and those who were willing to give employment to labourers "at rates below those usually paid" were invited to communicate with the Labour Bureau. The suggestion that men should be engaged at rates below what were usually paid was highly displeasing to the trade unions, which still maintained the inviolability of the union rates. In point of fact, these rates no longer existed. The employers in the

building trade had several meetings with the representatives of the unions, with the object of getting the men to accept less than the standard rate of wages. It was thought that if a lower standard were agreed to some new and important works would be undertaken, but the unions were against a lowering of the nominal wages, and no agreement could therefore be arrived at. Nevertheless, it was very well known that the majority of the wage-earners were working for less than union wages.

At the end of 1892 the public Labour Bureau reported that in Brisbane "all work requiring the service of tradesmen has practically ceased," and such men were either unoccupied or were crowding out those who belonged to the class of unskilled labour. "Even in farm labour, though a really good man, able to plough, had a fair chance of getting work, the employer could only afford a small wage, from 10s. to 12s. 6d., or perhaps 15s. per week."

Bitter complaints were made that the work available in Queensland was partially absorbed by the unemployed who were crowding into the colony from New South Wales and Victoria. There was undoubtedly a good deal of crossing from one colony to another, but, on the balance, Queensland lost population by the excess of departures over arrivals during 1890, 1891, and 1892, so that the complaints were groundless.

During the first six months of 1893 employment was worse even than in 1892, and in Brisbane the terrible floods occurring at the beginning of February greatly added to the general distress, by making many of the poverty-stricken people homeless. In April and May came the bank failures, locking up for a time the greater part of the floating capital of the colony, and paralysing nearly every industry. Even in the mining districts there was, for a few weeks, considerable difficulty in carrying on, and some well-paying mines were obliged to cease work because no money could be obtained to pay wages. The favoured men who continued in employment had to accept an immediate reduction in wages. In the mining

industry a reduction of 25 per cent was commonly made. In Brisbane a like reduction was general in most trades ; but in the printers' and some other trades the standard scale was completely set aside, and each employer made his own terms with his men—and very bad terms they usually proved to be. The wages of seamen were reduced by 15 to 30 per cent, without the men being consulted ; some attempt at a strike followed, but it was soon abandoned, as idle labour in abundance was ready to accept the lower wages.

On the whole, the attitude of the working class in Queensland was reasonable. The shock had brought home to them the necessity for reduced wages, and they were glad to accept work on the terms that offered, until the coming of better times. There was no longer a standard wage in Queensland, and the managers of the eight Labour Bureaux in Brisbane and the principal towns were all agreed that amongst the men who applied for work during 1893—and there were 9000 of them—there was no case where "anything like a fair wage" had been refused. In June 1893 there was some agitation for the establishment of relief works, but it soon died out, as the people recognized that, in the condition of the public finances, there was no money available for public works, even of the most necessary character. In place of establishing relief works, the Government gave food rations to such as applied for them. It was well known that much of the money expended in this way was wasted, but the Ministers did not care to scrutinize the expenditure too closely ; it was the price they were willing to pay to prevent clamorous destitution becoming too noisy.

The sugar industry was the only one of any importance that showed an improvement during 1893. There was a large increase in the area under cane and in the sugar production, involving the employment of a considerable amount of additional labour. The mining fields showed a slight increase in the quantity of alluvial gold won, which is instructive, as indicating the presence on the field

of men who, unable to find work at their trades, had taken to fossicking for gold on the old goldfields. From the quartz mines there was a diminished return, but this did not necessarily indicate a curtailment of employment. The most serious result of the financial troubles was the cessation of work on the mines which had not reached the stage of productiveness ; on these mines a large number of men had been employed, who were nearly all discharged, and many months were to elapse before the mines were again opened for work.

At the close of the year 1893 the nominal daily wages of artisans in Brisbane were :

| | s. d. |
|-----------------------------------|-------|
| Carpenters | 8 4 |
| Bricklayers | 9 3 |
| Plasterers | 8 10 |
| Painters | 7 6 |
| Blacksmiths | 8 4 |
| Navvies or common labourers . . . | 6 0 |

These rates had the tacit, if not the open, approval of the unions, and even the lowest of them was a living wage, as prices then ruled in Brisbane. Unfortunately there was only one important building job being carried on in that city, and there were very few tradesmen who worked six days a week ; very few therefore received a living wage. The builders' labourers on the job referred to struck work in October 1893 for an increase of wages to 7s. per day. This strike was unsuccessful, and the labourers thought themselves fortunate to be able to get back to their jobs, so many candidates were there for any vacant places.

The hopes and aspirations of the friends of Labour had been pitched very high during the earlier and greater part of this period. Lane and other prophets had promised the workers that, if they would organize and submit to the restraints of discipline, Labour would proceed from conquest to conquest, until at last "all sources of wealth and all means of producing and distributing wealth would be nationalized," and there should be a "just division among all citizens of the State of all wealth-production, less only

that part retained for public and common requirements." How little these aspirations had been fulfilled this narrative shows ! Lane himself had given up his task in despair, and, before the close of 1893, was already in Paraguay with the first detachment of New Australians, determined to realize in exile his noble dreams of the brotherhood of man.

But though Lane had left them, and Labour was in a worse position than it had ever been since the establishment of the colony, the Labour leaders of Queensland—in spite of the long trade depression, the failure of the strike, and the destruction of credit—did not give up the work to which they had applied themselves. They were as firmly determined as ever to secure their ends, and in May 1893 had returned fifteen members to the Queensland Parliament. They were facing the future confidently, and were rejoicing, somewhat prematurely, it is true, that the passing of the Village Settlements Act, which enabled the unemployed to settle on the land with the help of public money, was the beginning of a new era of remedial legislation.

SOUTH AUSTRALIA

There was an excellent harvest at the end of 1872, and the necessity for augmenting the supply of labour was now urged by employers, both in Adelaide and in the farming and pastoral districts. The Government being favourable, assisted immigration was revived : the first shipment of immigrants, seventy in number, arrived in March 1873. At this time the weekly wages paid to men on farms were usually :

| | | | |
|------------------------|---|---|--------------|
| General farm labourers | . | . | 15s. |
| Ploughmen | . | . | 16s. to 18s. |
| Milkmen | . | . | 14s. „ 20s. |
| Harvestmen | . | . | 20s. „ 25s. |

In addition to these wages, rations and hut accommodation were given ; where men were required to provide for themselves an extra payment of 9s. a week was usually made. On stations, shepherds were paid £39 a year and

stock-riders £52 to £65, in each case with rations and sleeping accommodation. These rates show little if any advance upon those current in 1868 and subsequent years, for although the demand for labour of this kind was good, it was met by the stream of assisted immigrants who were mainly agricultural workers. These men were willing to work at the lowest current wages, and their competition prevented that general increase in the wages of rural labourers which would otherwise have occurred.

The wages of town artisans in March 1873 were 9s. a day in nearly all trades. This was about 1s. a day more than was paid in 1871, or indeed until the latter half of 1872; moreover, employment was more regular, and all men in the same trades received the standard rates accepted by their trade unions. In the iron trades, blacksmiths were usually paid 8s. a day, but there were some working for 7s.; engineers were paid 9s. to 12s. a day, and were the best-paid workers in the Province. In spite of the improvement in the demand for copper and the better price obtained for the metal, there was little change in the miners' wages, 6s. 8d. a day being paid to men working below, and 5s. to surface men. Their union was able during the slack period of 1870 to maintain the nominal rates of wages in spite of a considerable amount of unemployment, but the increased output of 1871 and subsequent years, though it brought more employment, did not bring about any shortage of labour, and wages therefore were only slightly affected. A competent miner was paid 6s. 6d. a day in 1870, and 6s. 8d. in 1873, making a difference of only 1s. a week.

In the building and iron trades, and in some if not all factories, a working week of forty-eight hours was general, and the question of making it common to all trades was raised early in 1873. In many cases the concession was made without the men having recourse to a strike, and on 3rd September 1873 an annual festival dinner was instituted, to celebrate the adoption of the eight-hour principle throughout South Australia, although there were trades to which it had not been extended.

In April 1874 the Directors of the Moonta Copper Company informed their men that, in consequence of the fall in the price of copper, they intended making an immediate reduction in their wages to the extent of about 7s. a week. On behalf of the men the union refused to submit to this arbitrary treatment, and called out the miners at Moonta and Wallaroo to the number of 2300; the miners, assisted by their wives, compelling the surface labourers and mechanics to come out with them. The men declared that if the directors persisted in their course, they would keep the mines unworked for three months, in which case the lease would lapse to the Government; the directors, feeling their position insecure, gave way after a short time, agreeing, as they put it, to postpone the reduction for two months, and then make it dependent upon the state of the copper market. Although the prescribed period elapsed without an improvement in the price of copper, the directors did not think it expedient to move further in the matter. Mining was not in a prosperous condition in 1874, especially during the latter half of the year; several of the mines working the poorer deposits were shut down, and a number of miners, thus thrown out of employment, at once set out for the Victorian goldfields, while others turned to agriculture, taking up the lands which had been surveyed for them in the mining district.

The year 1875 was marked by strikes, which though numerous were not of much importance, either individually or collectively. The Adelaide tailors struck for a new log, which made a substantial increase in their earnings; and the brickmakers, including 200 men and boys, who were paid 11s. per thousand bricks, struck for 14s. In both cases the strikes were successful. The demand for labour was very good throughout the year; even in May, which in South Australia is the slack season, every able-bodied man could find full employment, and some of the contractors on the railway construction works were delayed on account of the scarcity of labour. In March 1875 stonemasons and carpenters were paid 8s. to 9s. a

day, according to their skill; plasterers, bricklayers, and slaters 9s.; other trades received 8s., and builders' labourers 6s. to 7s. The wages of ironworkers, engineers, blacksmiths, boilermakers, and the like ranged from 9s. to 11s., and labourers from 5s. 6d. to 6s. a day. There was constant diversity in the earnings of other classes of workers; upholsterers, who worked nine and a half hours daily, earned wages ranging from 7s. 6d. to 10s. a day; tin and galvanized-iron workers were paid 42s. a week of fifty hours; bootmakers in factories on piece-work usually earned from 40s. to 45s. a week, but special men as much as £3. These rates denote a slight improvement in the wages of town workers; in the case of farm servants and station hands the improvement was more marked. Farm servants were paid 20s. to 30s. a week, bush carpenters and blacksmiths 30s., and shepherds 17s. to 20s., with rations and hut accommodation in each case. Women servants were also paid at slightly higher rates, general servants receiving 8s. to 10s. a week, cooks 10s. to 20s., and char-women 3s. to 4s. a day.

At the beginning of 1876 there was a further improvement in the wages of mechanics, who now received from 9s. to 10s. a day, instead of from 8s. to 9s. as generally paid a twelvemonth before. There would have been an actual scarcity of labour, but for the large number of immigrants brought out by the Government; nevertheless, there was an uneasy feeling amongst the working classes that this revival of assisted immigration was designed to deprive them of a full participation in the general improvement of industrial conditions, upon which the country had entered. This feeling would have undoubtedly led to some political manifestations, had it not been appeased by the announcement of the determination of the Government to persevere in the vigorous policy of public works, upon which it had just embarked. As a class the miners felt the competition of the immigrants most severely. There was already sufficient skilled labour in the Province to work the mines when assisted immigration was revived,

but a large number of Cornishmen had been brought out in the expectation that they would work as agricultural labourers. Naturally, however, they went to the mining districts. As the price of copper still continued to fall, there was no demand for their labour, and they either remained unemployed or, obtaining work, displaced an equal amount of other labour; so that under ordinary conditions there was a surplus of mining labour, and occasionally, when the poorer mines ceased work, there was a large surplus.

During the first six months of 1876 employment continued to be very good in nearly all industries. A great amount of building was being carried out in Adelaide, especially in the main thoroughfares such as Rundle and Fitzwilliam Streets, where buildings of three stories were replacing the more modest structures of earlier days, and to accommodate the rapidly increasing population in the suburbs surrounding the city. During the latter half of the year conditions of employment changed for the worse, owing to the drought, which was seriously affecting the pastoral industry and threatened to ruin the harvest. Nor did town activities escape, especially building operations, which received a decided set-back. The resulting decrease in employment in these important industries would have been made much more serious by the arrival of large bodies of immigrants had not the Government been able to employ the majority of them upon railway and other public works, which it had then in hand. For some of the new arrivals the Government could not find employment, and these were given public relief, which was continued during the latter months of 1876 and into the following year. The Province was thus treated to the ridiculous spectacle of men and their families being brought from England at the public expense, and on their arrival being placed, for lack of ordinary employment, on public works or becoming the recipients of charitable relief.

The immigration policy of the Government was greatly

in disfavour with the working classes, some of whom found themselves displaced from employment by new arrivals. The harvest at the end of 1876 gave little additional employment, as it was poor even beyond expectation, and there was a considerable exodus of population to Victoria. In view of this the Government considerably curtailed the number of immigrants and hastened the opening of various public works, in order to absorb as much unemployed labour as possible. Immigrant labour was mainly employed on these new works, the men being paid 5s. 6d. to 6s. 6d. per day, with sleeping accommodation in rude huts built near the works.

These public works absorbed a large proportion of the unemployed, and when the drought broke up early in 1877, labour conditions greatly improved. The change for the better was so well maintained that at the beginning of November the labour market became again very active. For agricultural labour the demand exceeded the supply, and though in other occupations the demand was not so keen, it had greatly improved. The wages of farm labourers, which in November ranged between 16s. and 20s. per week, with rations, rose at the end of the year to 20s. to 25s.; harvest workers received from 25s. to 35s., with rations, the higher of these rates being paid to men who could work the harvester and stripper machines. Freshly arrived immigrants and men without colonial experience, who engaged in agricultural work, had to be contented with about £40 a year. At this time shepherds were receiving 17s. to 20s. per week, boundary riders 17s. to 25s., and drovers 20s. to 30s., board and hut accommodation being provided. Artisans obtained 9s. to 10s. per day, labourers 6s. to 7s., and carters 25s. to 35s. per week. In the boot factories the men usually earned from 45s. to 50s. per week, and the women from 15s. to 20s. The improved conditions of employment did not extend to the miners, many of whom, especially in Yorke Peninsula, remained without work, while others had left the mining districts in the hope of employment as general labourers.

Fairly good conditions of employment continued through the greater part of 1878, except for miners ; the building trades in Adelaide and the country districts were busy, pastoral and agricultural employment was normal, and the Government works absorbed a great deal of general labour.

Towards the end of the year the condition of the money market in England, owing to the failure of the Glasgow Bank and other circumstances, had become difficult, and, in consequence, the South Australian Government found it hard to obtain the money it badly needed for public works. General business was also affected from the same cause and all enterprise was checked. The conditions of the copper market were worse even than in the previous year, and, to crown the misfortunes of the Province, the complete lack of rain during the critical months made the harvest almost a failure. The effect of this conjunction was felt early next year. As a rule, unemployment or irregular work and not reduced wages was the evil from which labour suffered ; but there was some reduction in the wages of farm labour, and the men employed in the ironworks and factories of Adelaide had also in some instances to submit to a reduction. The drought broke up in April, and permitted agricultural work to be carried on once more, but there was a great excess of labour, and the arrival of several hundred immigrants in June and July proved most inopportune. Distress in Adelaide had grown to such proportions that the ordinary channels of relief were insufficient to cope with it, and in July the Mayor arranged for a relief committee to supplement their work.

Towards the close of the year there was promise of an abundant harvest, and this had some effect on the demand for agricultural labour, but there was still a large surplus even of this class, and wages did not improve.

During 1879 town artisans and mechanics of all kinds found it very difficult to get work. In October about 700 men were on the relief works which the Government had established, and the number of persons in receipt of rations

from the Destitute Board had largely increased. The harvest of 1879-80 was good, but it did not bring all the relief that was hoped, and after the harvest was gathered there was a fall in the wages offered to agricultural workers, good ploughmen receiving 18s. to 20s. per week and second-rate men from 12s. 6d. to 15s. During 1880 the Government obtained money by a loan placed in London, sufficient to enable it to carry out a vigorous campaign of works, and there was towards the end of the year a large decrease in the number of unemployed, also in the demand for outdoor relief in Adelaide and its suburbs. The harvest at the end of 1880 was very poor, and all agricultural interests became greatly depressed. As usually happened in such a case, the farmers employed as few men as possible, and compelled the men whom they did employ to accept lower wages, so that those who previously commanded 20s. per week were now paid 15s. This depression of the staple interest of the Province communicated itself to other employments and did not pass off until September 1881. In that month there was a general improvement which increased as the summer advanced, though the harvest was no better than that of the previous year.

It would hardly appear from what has been said of the conditions of industry in South Australia during the few years prior to 1881 that there was anything therein to warrant the expectation of a large development in population or industry, yet in 1881 Adelaide found itself in the midst of a land boom. There was a great deal of speculation in building allotments, and all over the city and its suburbs dwelling-houses were in course of erection, obviously in excess of the present or immediate future requirements of the population. The demand for building-trade artisans soon exceeded the supply, and so continued during 1882, when other descriptions of labour also fell short, and in the second half of that year there was a marked increase in wages. In September 1882 the pick and shovel men engaged on the Adelaide sewerage works who were

earning 7s. a day struck successfully for 8s., and this became the usual rate for all unskilled labourers. The minimum wages of masons and bricklayers were recognized as 10s. a day, but all really skilled men were paid 12s.; for carpenters the rate varied from 9s. to 12s. per day. The financial difficulties experienced at the beginning of 1883 had no immediate effect on the labour market, so many building enterprises were in progress that the demand for builders continued as lively as ever, and wages remained at the highest rates. By the middle of the year most of these undertakings were completed, no new ones were put in hand, and the boom was over, having had a course of about two years.

The demand for labour had been so great during the height of the boom, and the authorities had so misconceived the nature of the demand, that immigration had been greatly stimulated and workmen of all kinds were brought from England. In June 1883, when members of the building trades were already finding difficulty in getting work, 1500 immigrants landed in Adelaide, and the Government had at once a serious unemployed difficulty to grapple with. In July many carpenters, bricklayers, plumbers, and other artisans were vainly searching for work, and there was more destitution in Adelaide than at any time since 1879. Many of the newly arrived immigrants were penniless and dependent on charity; after some pressure the Government consented to find them work. The trade unions made a hopeless attempt to keep up the nominal rates of wages, but in October a reduction of the wages of building artisans to 9s. and 10s. a day was accepted.

During the boom Adelaide had been over-built. At the beginning of 1884 only one or two large buildings were in course of construction and there was no prospect of any further work being undertaken on their completion, so that almost the only employment open to builders was repair work. In Adelaide the only trade that appeared to be flourishing was that of the ironworkers, whose wages

had risen 1s. to 2s. a day since 1881; but the number of men in the trade was small and the majority of them were engaged on contract work for the Government. By the middle of May 1884, unemployment had assumed such proportions that the Trades and Labour Council prepared a memorial giving particulars of the men out of work, and asking the Mayor of Adelaide to call a public meeting to consider the state of the labour market and the question of immigration. Subsequently the Council appealed to the Commissioner of Works, who was able to send some men to excavate a reservoir at Ardrossan, and to find work for others on the drainage works in the south-eastern district. The men thus employed were paid 5s. 6d. a day and provided with tools and tents. A soup kitchen of the usual type was opened in Adelaide, and a zealous committee organized to find out all cases of real distress and afford them immediate help. These measures relieved the position for the moment. The approach of summer took a considerable body of men from the city to engage in farm work, but there was no employment for artisans at their own trades; many of them took relief work as labourers, for which they were ill fitted, and many others quitted South Australia to seek work in Melbourne, Sydney, or Brisbane.

When harvest was over unemployment became once more a very pressing question, and on 27th February 1885 a meeting was held in Adelaide Town Hall to consider the matter. Following this meeting an appeal was made to the Government for relief, but the utmost it could do was to send a few hundred men to work which was found for them on the Silverton and other railways.

The Trades and Labour Council was still endeavouring to maintain the old rate of wages, holding that, if a reduction were agreed to, it would be difficult, without a strike, to raise rates again when times improved. In order to lessen the competition for work, various unions were assisting their unemployed members to emigrate, but unemployment grew steadily worse during 1885, and at

the end of the year, without any formal concession from the unions, the current rates were reduced all round, and union men were paid according to the following daily scale. The lower rates were the general standard, exceptionally good men being the only class who were paid above the minimum :

| | |
|-----------------------|-----------------|
| Stonemasons | 9s. to 10s. |
| Plasterers | 10s. |
| Bricklayers | 9s. to 10s. |
| Carpenters | 9s. |
| Cabinetmakers | 7s. 6d. to 10s. |
| Labourers | 6s. to 7s. |
| Ironworkers | 10s. to 12s. |

These rates became effective without any trade disturbance. Other workmen besides those in the building and allied trades had to submit to lower wages, the only strike of importance being that of the bootmakers, who resisted a 10 per cent reduction decreed by the employers in October 1885, in order to bring Adelaide prices to the level of those of Melbourne. The bootmakers' strike lasted about two months, when the reduction was enforced.

The condition of the labour market was a source of great embarrassment to the Government, who saw with concern large numbers of the best class of workmen leaving South Australia for the neighbouring colonies, but its resources were limited, and, beyond sending a few men to relief works, it could do little to mitigate unemployment. In October 1885 a Labour Bureau was set up in Adelaide, but it found little favour with the genuine unemployed ; as may be concluded from the fact that, out of many hundreds of men anxious for work, only thirty applied to the bureau on its opening day.

South Australia lost 9280 persons by excess of emigration during 1885, and the exodus continued during the following year, when the troubles of the Province were increased by an acute financial crisis. On 24th February 1886 the Commercial Bank of South Australia closed its doors, and this led to the suspension of many land and building

societies. Most of the building societies had ceased practical operations a year or more before their suspension, so that their failure did not have any serious effect upon the labour market. The bank failure, however, affected almost all classes of trade and industry in the Province. Some businesses were suspended, others curtailed their operations, many men were thrown out of employment, and a large proportion of those who were retained suffered a reduction in wages. In March, the employers in the building trade and representatives of the men met to discuss a proposal for the reduction of wages, based on the contention of the employers that, without such reduction, there could not be a revival of business. The men were powerless to maintain wages, and the nominal rates for artisans were reduced for all trades to 8s. a day, with 10s. for superior workmen, and the standard for labourers to 6s. and 7s. Although the trades made a great show of resisting this reduction, the new rates were purely nominal, and men considered themselves in luck when they were able to earn from 6s. to 7s. a day at their trades and 5s. a day at labourers' work. The Government recognized the change in wage conditions, by reducing the pay of the labourers on relief works to 4s. 6d. a day; the farmers and pastoralists, impelled by low prices and a bad season, cut down their labour requirements, and reduced the wages of those they retained to from 10s. to 15s. a week.

The price of copper was still very low, and the problem of unemployment in the mining area of Yorke Peninsula was almost as acute during 1886 as in Adelaide itself. Many of the mines were closed, and in May a public meeting was held at Moonta to ask that public relief works might be opened in the neighbourhood, in order that the miners might preserve their homes. Some steps were taken to meet this demand, but the Government preferred to encourage the miners to prospect for gold. It offered to provide tents and make a grant of 12s. a week to all men engaged on this work, allowing them to keep any gold they might find. The discovery of a fairly good alluvial

goldfield at Teetulpa, at the end of September, was a great encouragement to this class of labour. Between two and three thousand men were soon on the field. In the end, however, the relief of the unemployed miners came from New South Wales, where the rapid development of the Broken Hill mines about this time drew off large numbers of South Australian miners, so that at the end of 1886 the employment of this kind of labour had ceased to be a burden on the sorely harassed Government of South Australia.

During 1886 South Australia lost 8819 men by migration, chiefly to Broken Hill. This, following the loss of the previous year, reduced the number of unemployed to such an extent, that the Government was able to close the works it had opened for the relief of the destitute ; in 1887 all branches of employment showed improvement, and there was a great revival of trade union activity. During the opening months of 1888 Adelaide began to reap tangible results from its investments in the Broken Hill mines, which imparted an unwonted air of prosperity to the city. The improvement in employment noticeable in the previous year became still more marked, and the spectacle of unemployed men about the streets was less common than it had been at any time since 1883. The price of copper, which had fallen to £44 per ton in 1884, and had continued low for three years, rose rapidly in 1888, and reached £93 per ton in September of that year. Mining experienced a great revival, and the demand for miners exceeded the supply. Trade throughout the Province was now very brisk in all branches, except building construction. The surplus of labour in this important trade had, it is true, almost disappeared, but the change was brought about not by a revival of building, but by the migration of the artisans to the neighbouring colonies.

The revival of prosperity lasted until about the end of September, and was followed by an anti-climax. During the last three months of 1888 investment and speculation in the Broken Hill mines, in which South Australia was

greatly interested, waned, and the shares, even of the most productive mines, fell heavily in price, the value of some speculative shares disappearing altogether. Depression again settled down on the Province and was made widespread by the drought, which caused great loss to the stock-owners and ruined the harvest. There was naturally a great decrease in agricultural employment during the summer, and many men who usually found work during the harvest drifted to Adelaide to swell the congestion in that city. The drought broke up early in 1889, and gave hope to the farmers of a better season. There was a large extension of land sown, and the demand for labour brought about an increase in the wages of farm hands, who were now paid 15s. to 20s. per week, with food and lodging, as compared with 10s. to 17s., for which men could be readily hired a few months previously.

At the beginning of 1889 the daily wages recognized by the unions were according to the accompanying scale. Where two amounts are given, the lower represents the general rate, the higher amount being paid only to exceptionally good workmen :

| | |
|--------------------------------------|-------------|
| Stonemasons | 8s. to 9s. |
| Stonecutters | 10s. |
| Plasterers | 7s. to 8s. |
| Bricklayers | 8s. |
| Carpenters | 7s. to 9s. |
| Builders' labourers | 6s. „ 7s. |
| Painters and paper-hangers | 7s. „ 8s. |
| General smiths | 9s. „ 12s. |
| Fitters | 8s. „ 11s. |
| Wheelwrights | 8s. „ 9s. |
| Sawyers | 7s. „ 8s. |
| Boilermakers | 10s. „ 12s. |

The boom in copper did not last long. In March 1889 there was a great fall in the price of the metal, and in April the quotation in London was as low as £43 a ton, a drop of £50 a ton since the preceding September. Thereupon the directors of the Moonta mine gave notice of a decrease of 10 per cent in the wages of all employees. The miners at

once struck, and the notice of reduction was then withdrawn, but the manager, following the instruction of his directors, restricted work at the mine as much as possible, and a large number of men were thrown out of employment. At the Wallaroo Mine notice of reduction of wages was also given. The men had suffered a reduction of 10 per cent at the previous period of low prices, and their wages had remained unchanged during the boom prices of 1888, so that the miners were earning at the most only 5s. 6d. a day, and many not more than 3s. 6d. They therefore declined to accept a further reduction, and threatened to strike if the notice was not withdrawn. At this point the Australian Miners' Association, to which the Wallaroo miners were affiliated, intervened. The directors met Spence, the Secretary of the Association, most openly, and gave him access to their books and records. An inspection of these convinced him that the alternative to a reduction of wages was the closing of the works, and he advised the men to submit and so save themselves from unemployment. The miners accepted Spence's advice in good part, and continued at work.

The promise of a good harvest, which the conditions of the early part of 1889 indicated, was confirmed as the summer advanced, and the demand for agricultural labour was far in excess of the supply. In order to relieve the situation, the Government decided to cut down employment on public works to the lowest point consistent with safety, and directed the Railway Commissioners also to discontinue any work they had in hand, where the men employed were suitable for harvest work. This step freed a large body of men, and by their aid and the use of labour-saving machinery it was found possible to gather the excellent harvest, whose abundance brought a sense of well-being to the Province which it had not experienced for several years. The rainfall during the first half of 1890 was fairly abundant, and there were indications of another good season for both farmers and graziers; employment continued to improve as the year advanced, until in the

middle of August the business of the Province was brought almost to a standstill by the outbreak of the maritime strike.

This great strike affected the whole of the colonies, and is dealt with elsewhere in this volume. It began in South Australia, but the Province suffered less from it than any one of the other great colonies. This was partly due to the fact that the shipping interests of Adelaide were less, and partly because the strike itself was conducted with greater moderation. In no colony did the trade unionists stand more firmly together, or were they less affected in their organization by the disastrous defeat which the unions suffered at the hands of the employers.

The great strike had the same effect in South Australia as in the other Australian states, in bringing home to the trade unions a recognition of the mistakes of their past policy, and producing a great change in Labour tactics. The strike was hardly over before Charleston was lecturing in Adelaide on the errors of trade unionism; pointing out how exclusive they had been, how illiberal their treatment of the members of other unions, and still more their treatment of unskilled workers, who in many instances had been deliberately excluded from the benefits of unionism. But the trade union leaders had learnt their lesson, and although the strike had caused union funds to run very low and the number of unionists to decline, they set themselves, as soon as the strike was over, to the task of reorganizing the forces of labour upon a better and a broader basis.

On 9th February 1891 the first Conference of the General Labourers' Union of Australasia was opened at Adelaide, under the presidency of Spence. Ten districts were represented at this conference, and these were but poorly organized, as the total membership reported by the secretary was only 515. The sittings of the conference extended over three days, the discussions being chiefly concerned with the lines upon which the new union was to be developed, and the grades of labour to be admitted to membership. Ultimately it was decided that all classes should be eligible, and, as regards development, the

governing body of the Australian Shearers' Union was to be asked to act as a council of advice to the new union. Spence was Secretary to the Shearers' Union, and the decision of the conference put him at the head of the organization work of the new union, a position he was excellently qualified to hold.

At the time of the great strike, twenty-eight societies were affiliated to the Adelaide Trades and Labour Council, but so energetic were the efforts of the Labour leaders that a year later the number of affiliations was fifty. The better organization of labour at Port Adelaide also received attention. The Maritime Labour Council had been a strong body before the strike, but its relations with trades outside the sphere of maritime labour had not been very friendly, and, in particular, it had not been on good terms with the Adelaide Trades and Labour Council. After the strike all the Labour bodies at the port were organized to form the Port Adelaide District Trades and Labour Council, so that there was no longer a divided allegiance, and the new Trades and Labour Council was brought into close relations with the Council in Adelaide.

The labour market, which had shown some tendency to revive during 1890, was badly dislocated by the shipping strike, and did not revive again when peace was declared. At the beginning of 1891 there was a large surplus of labour in Adelaide, which the rural districts, in spite of a fairly good season, were unable to absorb. The following rates of daily wages current in Adelaide during March 1891 show no falling off from those paid before the strike, but there was more unemployment and a disposition to make the minimum rates also the maximum :

| | |
|----------------------|---------------|
| Stonemasons | 8s. to 9s. |
| Bricklayers | 8s. |
| Carpenters | 7s. to 8s. |
| Plumbers | 7s. , , 8s. |
| Labourers | 6s. , , 7s. |
| Smiths | 9s. , , 12s. |
| Boilermakers | 10s. , , 12s. |
| Fitters | 8s. , , 11s. |

The migration to the eastern colonies, which had gone on unchecked during the five years 1885 to 1889, and the recurrence of several good seasons in succession had greatly improved the wages of rural labourers, whose position was unaffected by the strike. In 1891 farm hands able to work reaping machines and strippers received 30s. a week, with rations and lodging; ploughmen, 20s. to 25s.; drovers, 20s. to 30s., and shepherds, 10s. to 20s. Ordinary labourers without farm training, who could be readily recruited from amongst the unemployed in Adelaide, did not usually receive more than 10s. a week.

The year 1891 was one of great unrest throughout the Labour world. In South Australia the first half of the year was overshadowed by the probability of a dispute between pastoralists and shearers over the shearing agreement, which would have been a serious blow to the Province. Matters, however, were not pushed to extremes, and towards the end of July an open conference was arranged between the South Australian Pastoralists' Union and the local representatives of the Shearers' Union, four persons acting for each side. At this conference the pastoralists claimed, and the shearers virtually conceded, freedom of contract, and the terms of a shearing agreement were discussed and arranged. At the beginning of August shearing began in South Australia and was carried through amicably. In this instance the local branch of the Shearers' Union acted independently of the branches in Victoria and New South Wales, who were still struggling with the pastoralists when the South Australian branch had completed its negotiations.

The controversy between the proprietors and the miners had a less fortunate ending. There had been much restiveness at Wallaroo and Moonta during the year, and in August the men applied for a 10 per cent increase in their pay, the abolition of the existing system of tendering for contracts, and the introduction of a scale of daily wages. The directors refused the first of these requests, but the second, which was much the more important, was

referred to the central council of the Australian Miners' Association in Adelaide, and on 18th September 1891 representatives of this body met the directors of the mines to discuss the subject. The conference led to no result, and ten days later the miners at Moonta took the matter into their own hands and went on strike. The interests involved were of great public importance, and, when the strike had been running about a month, the Legislative Assembly passed a resolution, calling on the Government to avail itself of a fitting opportunity to settle the labour difficulty at Moonta. While desirous of carrying out the wishes of Parliament the Government had no legal power to intervene, and the strike dragged on. Although the conditions at the Wallaroo Mine were very similar to those at Moonta the men had refrained from striking, but on 13th November 1891 the directors of Wallaroo announced the closing of their smelting works, as ore from Moonta was necessary for the proper smelting of that from Wallaroo. This step threw several hundred additional men out of employment and on to the funds of the miners' union, and greatly weakened its power of continuing the strike, as the small sum allowed to the men already out was as much as the union could bear. Early in December the Moonta men nominated a Board of Conciliation, which offered its services to the directors of the mine. These services were declined, the directors declaring that with copper at £44 : 10s. a ton it would be impossible to reopen the mines unless a large reduction of wages was accepted.

The dispute had become more difficult of adjustment owing to a proposal of the Railway Commissioners to convert the old tramway, which had hitherto served the mines, into a railway. The railway would have a different gauge from the existing line, and would render useless the rolling-stock belonging to the mines. The question as to the compensation to be granted by the commissioners to the mine-owners remained unsettled at the end of January 1892, when the directors again met the miners in conference. The men asked 5s. 6d. a day for surface hands, and an

average wage of 42s. per week for miners. The directors insisted on the 10 per cent reduction they had originally proposed, and the conference separated without an agreement being arrived at. It was now plain to the miners that their struggle was hopeless. Their funds were exhausted, and it was becoming more difficult to obtain help from other unions; on the other hand, the still declining price of copper made the directors more resolute not to reopen the mines except on their own terms. At the beginning of February, therefore, the men agreed to accept the directors' terms, and the proprietors promised to reopen the mines as soon as their difficulty with the Railway Commissioners was adjusted. As the reopening of the mines was made to appear dependent on their action, the Railway Commissioners speedily came to an agreement with the owners, and the strike came to an end, having lasted nearly nineteen weeks.

The close of the Moonta strike was very welcome in trade circles, as there was a great deal of unemployment throughout the Province at the beginning of 1892, and considerable apprehension that it might soon be added to by the return of the persons who had migrated from South Australia to Melbourne a few years previously. Nor was this an idle fear. During the first six weeks of the year there was a decided movement from Melbourne to Adelaide, and wharf labourers and men in the building trades complained very bitterly at finding themselves displaced from their employment by labour from outside the Province. At the end of February 1892 the unemployed in Adelaide made demonstrations in the streets and appointed delegates to interview the Cabinet and demand work. Before considering what should be done in the matter of relief works the Government decided to reopen the Labour Bureau in order to obtain a fair idea of the extent of unemployment in Adelaide; at the same time it caused statements to appear in the newspapers of Melbourne and Sydney to the effect that the South Australian Government would find no work for new arrivals in the Province. In

March, Charleston and McPherson, two prominent men in the Labour movement, estimated that 1000 men were out of work, and that the number was steadily increasing. The Government was not in a good financial position, and had been compelled greatly to reduce its loan expenditure. The relief works which it opened were only on a small scale, and not available for artisans who desired to follow their trade; they therefore did little to ameliorate the general distress.

South Australia was, at the time, greatly dependent on the trade carried on with Broken Hill and other parts of New South Wales, and the serious drought in those districts during the first half of 1892 was a grave aggravation of the labour distress in the Province. At Broken Hill the production of the mines fell off, and the position was made worse by a large drop in the prices of silver and lead. There was a fall in the quotation of shares, the extent of which may be estimated from the fact that the shares of the Proprietary Mine were quoted at about half the price current a year before. The drought broke up at the end of May, but this brought no improvement in prices; indeed, the decline continued owing to rumours of labour difficulties. The market estimate of the situation proved to be so far correct that, when the mine managers gave notice that after the end of July 1892 they intended to put an end to the agreement of 1890 and to substitute a contract system for the daily-wage system in force under that agreement, the miners went out on strike, and on 4th July all the principal mines were idle. The course of this prolonged and bitter struggle has already been described in the account of New South Wales for this period, but something may here be said of its immense effect upon South Australia. Many of the miners now on strike were South Australians, whose families had not followed them to Broken Hill; these families were now almost entirely deprived of their income. The stoppage of work was immediately felt by the shareholders, who were accustomed to receive their dividends monthly, and Adelaide was thus

deprived of about £30,000 a month. The trade of Broken Hill was one of the chief mainstays of Adelaide and its port, and during the strike that trade was reduced by nearly one-half, while the Government railways lost nearly £1000 a day from the direct loss of traffic.

It was natural in these circumstances that the keenest anxiety should be felt in the Province that the strike should soon be settled, and various attempts were made to promote conciliation, the distress in Adelaide impelling the Labour leaders to send two of their number, Charleston and Kirkpatrick, to Broken Hill to try to restore peace, but without avail. In September the Government found it necessary to put the railway-workshop employees on half-time, and in various other ways employment on the railways was reduced, while merchants and others connected with shipping also found it necessary to reduce largely the number of men in their employ.

The strike ended in October 1892, but its collapse, while it relieved the general depression, did not restore employment to its normal level, and at the end of the year the Trades and Labour Council reported that many hundreds of persons of all classes of labour were unable to obtain work and many others were working short time. There was a moderately good harvest, which drew a large number of men away from Adelaide and produced a surplus of agricultural labour, so that wages fell a little and the current rates in January 1893 were :

| | |
|--|--------------|
| Married couples, a year | £40 to £50 |
| Youths and single men for dairy work, per week | 12s. ,, 15s. |
| Ploughmen, per week | 15s. ,, 20s. |

Rations and sleeping accommodation were also given. Towards the end of February 1893 the Adelaide unemployed opened a Labour Bureau of their own, more for the purpose of recording the names and requirements of the unemployed than of finding them work; at the middle of May the roll kept by the Bureau bore 760 names, but the great bulk of the men out of work did not register, either with the

Government Bureau or with that of the unemployed. On 15th May a large meeting was held to ask for the establishment of relief works, but the Government had already in progress all the work it could finance conveniently, and there was little likelihood of others being undertaken. This was, in effect, the answer given to the delegates appointed by the meeting.

South Australia was not affected by the bank crisis, into which the three eastern colonies had now entered, in the sense that any local institution had to suspend payment; but there was a large amount of capital locked up in the Adelaide branches of the reconstructed banks, and a serious dislocation of business took place, at a time when the economic condition of the Province was already unsatisfactory. The first effect of the crisis in South Australia was an increase in the large amount of unemployment then existing, and a general disposition to cut down wages. The depression prevailing throughout the Province inclined the majority of the working classes to submit to this wage reduction, although the Labour Unions were not disposed to yield without a struggle. The course of the Labour movement after the crisis of 1893 will be traced in the next period, and it will be seen that the opposition of the unions did not avail to prevent an adjustment of wages, in nearly all employments, to correspond with the new conditions which followed the great financial upheaval.

WESTERN AUSTRALIA

Labour conditions during 1873 were good, but the population of the colony was stationary and there seemed no likelihood of any material progress being made in the near future. In 1874 the Governor reported that wages had almost doubled, and "though many are willing to pay, and indeed are compelled to comply with unreasonable demands, much work is left undone for want of hands." He was, of course, referring to agricultural and pastoral labour, in which he was greatly interested. In Perth and

Fremantle employment was good, but there was no actual shortage of labour and there had been no marked increase in the wages of mechanics for several years. These wages ranged between 6s. and 8s. a day and were much lower than those paid in the eastern colonies. The scarcity of agricultural labour, to which the Governor referred, was partly attributable to the change made in the land regulations, by which facilities were given for the taking up of small farms on the deferred payment system. These facilities were taken advantage of by some of the best of the labourers, who were accustomed to seek work on farms during ploughing and harvest, and their labour was lost to the farmers. The cessation of transportation directly diminished the supply of low-waged farm and pastoral labour, and in spite of the various attempts to stimulate immigration from England and the eastern colonies, there was no increase of working population to make up for the absence of convict labour.

There were no signs yet that Western Australia was likely to attain even the slow progress of the eastern colonies before the discovery of gold ; in 1871 the adult male population of the country was 10,761, and of these more than two-fifths were convicts, 1500 being still prisoners. The small population was scattered over a wide area, which greatly increased the difficulty of employers in obtaining labour and of labour in obtaining employment. From assisted immigration rural employers gained very little, most of the newcomers seeking employment never venturing beyond Perth or Fremantle. A shipload of British immigrants who arrived in June 1875 were engaged at once at the following rates :

| | £ | s. | d. |
|-----------------------------------|---------|-----|----|
| Lead miners, per month, rent free | . 7 | 0 | 0 |
| Artisans, per day | | 0 7 | 0 |
| Day labourers, per day | | 0 4 | 6 |
| Grooms, per month, and all found | . 2 | 10 | 0 |
| Domestic servants, per annum | . 18 | 0 | 0 |

There were some farm labourers amongst the immigrants

who are recorded as being hired at £5 : 10s. a month with board and lodging ; but this wage was for the season only, and one of the chief difficulties in inducing immigrants to go to the country districts was the casual nature of the employment open to them. While the farmers wanted men for a few busy months, and were not prepared to keep them the year round, the newcomers naturally disliked the prospect of a few months' employment followed by a tramp through the bush from one solitary homestead to another in search of work. Employers who were able to retain their labourers all the year round usually paid married couples £1 : 7s. a week with a cottage or hut, single men £26 to £30 a year with board and lodging, blacksmiths £54 a year with board and lodging, and carpenters £2 : 2s. a week with a cottage or hut. The lodging provided varied greatly in extent and quality ; as a rule it was very poor, and on some farms the men who, at hiring, were told they would be given lodging found when they arrived that they were expected to sleep in any shed or cover they could find, as there was otherwise no provision made for them. Food, however, as everywhere in Australia at the time, if rough, was at least abundant.

The difficulty in obtaining country labour in 1875 led a deputation of employers to ask Governor Robinson for the importation of Chinese or other Asiatic labour, at the public expense. It was stated by the employers that wages had risen since 1873, and that it was almost impossible to obtain men, no matter what wages were offered. The deputation asked for only 500 Chinese, but their suggestion met with much opposition in Perth and Fremantle, and was not accepted by the Governor. The manual labourers saw in the proposal a design to lower wages, and many employers feared that the introduction of Chinese would lead to an avoidance of the colony by European immigrants, whether from England or Australia, and even drive away some of the better workers already there.

During the years 1876-78 there was an increase in the

arrivals from Great Britain ; the immigrants were agricultural labourers and useful mechanics, and the first-comers obtained employment readily enough, wages rates being well maintained. But early in 1878 it became apparent that the demand for labour was beginning to fall below the supply, at least in the towns, if not generally, and steps were at once taken to restrict the volume of immigration. Towards the end of 1878, as well as throughout 1879, there was much distress in Perth among both new arrivals and the general public. There was some loss of population in 1878, 1879, and 1880, and labour conditions were made more difficult by the restriction of credit, which the banks found it necessary to impose during 1879. While, however, there was a surplus of labour in the towns, there was a decided scarcity of all forms of agricultural and pastoral labour, particularly in the north-western districts, the resources of which were beginning to be appreciated.

The Government of the colony obtained a small loan in 1881, and took in hand the extension of the Eastern Railway and other public works. This, with the opening up of the Kimberley district, set up a demand which, it was feared, would denude the stations in their neighbourhood of much of their most valuable labour. To meet the situation the Council passed a resolution that in any contract that might be made for works construction " arrangements should be made with the contractors whereby they should be required to introduce into the colony not less than 100 labourers to be employed on the proposed works." Obviously the Council was not yet in the realm of large ideas, nor did the Governor make the desired provision in the contract.

Employment was very good during 1881 and 1882, and the demand for labour became so great that some employers, unable to obtain the class of labour they required in the colony, made use of the nomination system to procure it from England. The gain of population from overseas during this time, viz. 401 in 1881 and 94 in 1882, was too slight to effect any improvement in the labour supply, and

country employers found it impossible to get men for their service ; thereupon a number of Chinese and other Asiatics were brought from Singapore under the Imported Labour Acts.

These years saw an important change in the attitude of labour towards the employers, and the beginnings of a movement towards labour solidarity. The leading spirits in effecting this change were trade unionists recently arrived from the eastern colonies. A meeting was held in May 1883 at Perth to establish a Labour League with the primary objects of effecting a reduction of working hours to eight per day, and of inducing employers "to place labour on a more satisfactory footing." It was, however, very difficult to rouse the workers of Western Australia to concerted action. The efforts of the unionists came to nothing, and the new League had but a short life.

Although a large part of the labour of the colony was still of an inferior character, the Government recognized that the new spirit would have to be conciliated, if progress were to be expected. Accordingly in August 1884 the Attorney-General brought in a Bill to amend the law relating to masters and servants, so as to assimilate the practice of the colony to that obtaining in England. The old law of 1842 had rendered a servant liable to three months' hard labour for breach of contract. This was amended in 1882 so that hard labour might or might not be given, and in lieu of imprisonment a penalty not exceeding £10. The Government now sought to place a breach of contract by a servant on the same footing as other breaches of contract, by making the servant liable merely for any damage that might ensue from the breach. The Bill was thrown out, however, only four official members of the Council voting in its favour, and Lee Steere, in a speech opposing the Bill, stated that it had been brought forward because a workman in Perth "had been extremely impudent, and had been punished by imprisonment . . . and very rightly punished." Lee Steere was an elected member of the Council, and afterwards Speaker, and his

attitude of mind was entirely typical of the old colonists before the gold discoveries. It seemed proper that a workman should be sent to jail for impertinence to his master, but there was no imprisonment for the master who defrauded his workman.

There was a remarkable display of prosperity in Western Australia during 1884 and 1885. In the latter year land salesmen were particularly active, and business took upon itself the nature somewhat of a boom; there was also much building activity. Wages in Perth rose to 8s. to 10s. per day for artisans in the building trades, and occasionally 11s. was paid. This activity brought over from South Australia a large number of workers, and these, with the assisted immigrants from Great Britain, fully supplied the requirements of the market. At the beginning of 1886 land speculation came to a stop, almost suddenly, and as building contracts became completed the men thrown out of work failed in many cases to get re-employment. Country employers still complained of inability to obtain competent, or in some instances any assistance, and a contemporary advertisement quotes £3 a week as wages for a ploughman required for Victoria Plains, about 80 miles from Perth. The influx of labour from Great Britain continued, and during 1886 more people arrived in Western Australia than during any previous year; but in the towns men were loitering about, and the larger number of new arrivals were added to their ranks. The distribution of labour was admittedly imperfectly arranged, and the Government sought to remedy this by setting up a Labour Bureau at Perth. The work of the Bureau showed little success. In the dearth of employment in town, some of the workers would have gone to the country districts, but, while country employers were willing to engage labour if it turned up at their doors, they were not willing to accept any labour the Bureau might send them; nor, what was perhaps of greater importance, were they willing to arrange for the conveyance of the labourers from Perth.

The labour depression was, however, brought to an end

towards the middle of 1886, when a beginning was made of the construction of a railway from York to Albany. This absorbed the whole of the surplus labour, and the conditions of the colony were once more very bright.

The presence of an increasingly large body of workers from the eastern states was a perpetual ferment in the labour circles of Western Australia, and after the beginning of 1886 there was a constant effort to assimilate labour conditions to those in the other colonies. A working-man's club was opened in Perth, and in June 1886 an Eight-Hours Association was formed, which temporarily assumed charge of labour interests. At a meeting held shortly after its formation the association resolved that three months' notice should be given to employers of a reduction in the hours of labour, from nine and a half to eight per day, no change in the wages rate being conceded. A committee was appointed consisting of four carpenters, four bricklayers, four painters and plumbers, and four labourers, to canvass the employers and make arrangements for bringing in an eight-hours day. The committee, wiser than the association, refrained from ordering a strike. There was only one trade union in the colony, the Carpenters' Union; other workers had no organization behind them, and no means of support should a strike be declared. The employers could not be induced to grant an eight-hours day, but were willing to concede nine hours with a proportionate reduction in wages. This was accepted, and the reduced time came into operation on 16th August 1886.

The Eight-Hours Association referred to was local to Perth; a similar body was formed for Fremantle with representatives of the plasterers, carpenters, bricklayers, painters, leather-workers, boat-builders, and labourers. In this case, as in Perth, the men represented their trades, but not trade unions, which were non-existent.

There was much excitement throughout Western Australia, and indeed the whole of Australia, on news being received that gold prospectors had found gold in the Kimberley district. Rumours were afloat of goldfields

exceeding in richness even those of Victoria. Parties from all the states of Australia set out for Derby and Wyndham, the nearest ports to the fields ; most of these consisted of experienced miners, well equipped with the necessaries for arduous pioneering work. Excitement rose very high, and before the end of June there were 1500 to 2000 men scattered over the gold-bearing area. There was very great confidence as to the permanence of the field, and there was a great deal of speculation in town lots in Derby. But the glowing reports of the field soon ceased to arrive. The miners had little success, and there was no prospect for alluvial miners at all. The two ports soon became crowded with disappointed miners on their way home. Those who had not means to pay their passage back by boat were in great distress, and in August it became necessary for the authorities to find work for the men in order to prevent a riot. They were employed on road-making and other unskilled work, so as to enable them to pay for a passage by steamer to Port Darwin. At the beginning of October very few of the gold-seekers were left in the district. The rush was over, and Kimberley settled down into a minor goldfield producing in its most prolific year about 4400 ounces of gold. The failure of the much-boomed Kimberley discoveries had a very depressing influence upon gold-mining development in Western Australia, and for a time capitalists looked very shyly at subsequent discoveries.

Work on the Midland Railway was interrupted in the middle of January 1887, as remittances from London had not arrived. This was a serious blow, as large numbers of railway workers were already on the works, and fresh arrivals were expected at any moment. The Government stood by idly while large numbers of men, brought to the colony with its consent, were thrown out of work. At the end of January 1887 a deputation from the Amalgamated Society of Carpenters and Joiners saw the representatives of the Government and urged them to put in hand some of the public works which were in contemplation, as so many

men of the society were without employment. A few days later a deputation of employers supported this petition. The Government could give no satisfactory undertaking in regard to public works, and conditions were made worse by the stoppage of nearly all building in Perth and Fremantle, owing to the failure of speculation in land and the dearth of capital. Large batches of immigrants continued to arrive, mostly persons brought out by the Midland Railway Company, and its subsidiary land company. These did not obtain their expected employment and added to the congestion of the urban labour market. Many of the best artisans now left for the eastern colonies, but their departure seemed to make little difference in the labour position.

The Government had used up the money borrowed in 1884, and in August 1887 the Governor suggested further borrowing, the time-honoured resort of Colonial Governments in times of labour difficulty, but the Colonial Office withheld its consent. Owing to the continuance of unemployment the contractors for the Southern Railway were released by the Government from their obligation to introduce immigrants, and ordinary immigration was much reduced. In September it was stated in the press that there were between two and three hundred "able-bodied respectable men" without employment in Perth and Fremantle, but there were many others unemployed even if they did not answer to this smug description. After a meeting on 24th September 1887 a deputation was sent to the Governor. He undertook to circulate in the country districts accurate information as to the class of men requiring employment, and, if any should be hired, to send them, at the expense of the Government, to their situations; and to give rations or other temporary assistance, meantime, to men who were actually destitute. A few men were found work by this means, but the great evil of unemployment continued during the remainder of 1887, and throughout the greater part of the following year.

The approach of responsible government, and the
VOL. III

agitation for it, gave a strong impetus to democratic politics, and in November 1888 a Liberal political association was formed in Perth. It was not a Labour association, but many of its supporters were manual workers. The four chief points in its programme were an elective, upper house, the abolition of the property qualification for membership, the extension of the franchise to lodgers and miners, and triennial parliaments. There was a general election of the Council in January 1889, in order that the constituencies should be consulted on the proposed measure for establishing responsible government. Dr. Jameson, one of the committee of the Liberal Association, was a candidate. He failed in obtaining a seat, but the electorate was unreformed, and Jameson's defeat was not due to lack of labour support.

During 1888 and 1889 there was much discussion in trade union circles regarding the feasibility of labour combination, and several unions came into existence, most notable amongst which were the Western Australian Typographical Society,—whose secretary, Hornby, took an active part in trade union affairs and politics,—and the Lumpers' Union at Fremantle. The latter union was formed in June 1889, the principal persons connected with it being recent arrivals from Port Adelaide. The union at once framed a scale of wages for members which provided for 1s. an hour being paid for work between 7 A.M. and 5 P.M., 1s. 6d. from 5 P.M. to midnight, and 2s. from midnight to 7 A.M. The next step was a strike against the employment of non-union labour. In their contest the lumpers appealed for assistance to the Fremantle Seamen's Union and to the Trades and Labour Councils of the other colonies. The dispute did not last long and ended in a compromise. The non-unionists already at work remained in their places, but the officials of the union set themselves to extend the membership, and so effectually that practically all non-unionists entered the fold. The Lumpers' Union became one of the most powerful and active trade societies in the colony, working unceasingly to form new

unions in other trades and to bring about the federation of labour. This strike led to a police court prosecution, which strongly emphasized the difference in the position of master and workmen. The lumpers were paid by the hour, and could lawfully cease to work at the end of any hour. It happened that, while employed unloading a ship at Fremantle, several men left their work before the completion of their hour, as a protest against the employment of non-unionists. These men were charged with refusing to obey the lawful commands of their employer. Some were acquitted, but several were sent to prison with the option of a fine. The convicted men went to prison, but in the course of three or four days their fines were paid for them and they were released. This incident had the effect of consolidating labour opinion, and led to the special efforts just referred to for the enrolling of non-unionists.

The Eight-Hours Association, after slumbering for two years, met in October 1889 and arranged for a general meeting in the following month, at which the Carpenters' and Joiners', the Bootmakers', Watchmakers', Lumpers', and Engine and Firemen's Unions were either represented or sent written messages of sympathy. The lumpers used the occasion to urge on sympathizers the necessity for establishing new unions, and ultimately a Trades and Labour Council, and "the imperative necessity for the systematic organization of labour before taking steps to enforce claims, as the disorganized state of the labour market led only to defeat." The wisdom of this advice was doubtless appreciated by the other unionists, as there was no attempt or suggestion to strike for eight hours. Two employers' unions, the Builders' and Contractors' Association and the Printers', were asked to adopt the system, but they declined to do this in their collective capacity, and when the individual members were approached, only a few of them were willing to make the concession. The ordinary day was nine hours, and at the beginning of 1890 the wages scale was as follows :

| | Per day. | | Per day. |
|---------------|-------------|--------------|-------------|
| Carpenters . | 8s. to 10s. | Plasterers . | 9s. to 13s. |
| Masons . | 8s. , 10s. | Plumbers . | 8s. , 10s. |
| Printers . | 6s. , 10s. | Navvies . | 7s. , 9s. |
| Blacksmiths . | 7s. , 10s. | Labourers . | 6s. , 7s. |

As in the other colonies, men employed on stations and farms were usually given a yearly wage, with rations and hut accommodation. With rations the pay was £18 to £50 a year ; without rations, 5s. to 7s. a day.

Throughout 1890 employment was generally good. Yilgarn, Pilbara, Southern Cross, and other promising goldfields had been discovered, and the whole adjacent country was being examined by experienced eyes in the search for gold. Towards the end of the year wages rose to the upper limit of the scale given above, but, taken as a whole, they were still below those of the eastern colonies.

No skilled trade had yet secured the eight-hours day and, amongst the unskilled, the navvies stood alone in having gained the concession. The demand for the short day was, however, persisted in, and during October 1890 what was locally known as a demonstration, accompanied by the same spectacular appeals common in the other colonies, paraded the streets of Perth. Had the unions been well organized they might readily have obtained their demands by a short strike, but their organization was still very loose, and, recognizing this, employers as a body would not yield. During the course of the year 1891 some individual employers in various trades, large contractors, and public bodies conceded the eight-hour day, and, in order to coerce the recalcitrant majority, a great public meeting of mechanics and labourers was held in Fremantle in August 1891 to form a new association in that town "to inaugurate and support the adoption of the eight-hours system in all trades." The progress of the gold discoveries rendered further agitation unnecessary. Labour was so much in demand that it was possible for a man to choose his own master, and naturally the employer working the short day was given the preference ; so that

without further agitation, even without any acknowledgment of victory or defeat, eight hours became recognized during 1892 as the length of the working day.

The granting of responsible government at the close of the year 1890 had been followed by a demand for increased expenditure on public works. The elimination of the control of the Colonial Office made it likely there would be extensive borrowing in London and lavish spending in the colony, and it was obvious also that a large inflow of capital might be counted on for the working of the mining fields. There was throughout the colony an expectation of great industrial expansion. Industries that were dormant revived, new industries sprang up, and others greatly expanded, and Western Australia became a place of almost irresistible attraction for the adventurous of the other parts of Australia. Agriculture might have shared in this revival but did not. The farmers saw their opportunity, but they needed labour, and found it difficult to get; the men already in their employ were tempted to leave them for the goldfields, and the newly arrived adventurers from the east had not gone so far, to settle down to the humdrum work of farming. An appeal was made to the Government, and as early as the middle of 1891 efforts were made to obtain men of the crofter class from Scotland to supply the farmers' needs. Some were obtained, but not sufficient to help the farmers materially, and the concluding years of this period show no agricultural progress.

Various attempts to form a central body to deal with trade union interests have been referred to; in October 1891 these were so far successful that a Trades and Labour Council of Western Australia was set up, with J. B. Winter as president. The Council did not by any means cover the whole field of labour, its chief constituents being the building-trade unions of Perth and Fremantle. Redfearn, a delegate of the Carpenters' Society, was secretary. One of the first Acts of the Council was to invite the master builders to a conference "to discuss, and if possible to

settle, the question of wages in the building trade"; at the same time notice was given that, from 2nd December 1891, its members, who belonged to the building trades, would require payment as follows, which represented an increase of 10 per cent on existing rates:

| | Per hour. |
|---|------------|
| | s. d. |
| Bricklayers, plasterers, and masons | 1 4½ |
| Carpenters and joiners | 1 3 |
| Labourers | 1 0 |

The master builders refused to confer, as a body, with the Trades and Labour Council, which, nothing loth, proceeded to deal with the individual employers. All the more important builders conceded the demands, and to those who refused, their men did not return after the completion of their week's service. Thenceforward the wages of these three important classes of labour were recognized as 11s., 10s., and 8s. per day.

The Trades and Labour Council did not restrict its attention merely to trade matters. Within a few weeks of its formation it set itself to discuss the interests of labour, as affected by the pronouncements of the candidates offering themselves at the by-election for Central Perth. A list of questions was drawn up; the principal of these related to the extension of the franchise and abolition of the property qualification for candidates, the proposal to legalize trade unions, the passing of an Employers' Liability Act similar to that in force in other colonies, and the support of a vigorous policy of public works. The Council was prepared to support the candidates who gave the most favourable replies to these questions, but as a large proportion of its members, even of those living in the constituency, were without votes, it did not take a prominent part in the election.

During 1892 there was a very great development of unionism in Western Australia, and many new unions were formed. There were, however, very great difficulties to be overcome before all the manual workers could be

enrolled in unions. The industrial condition of the colony was in process of complete change. The development of mining and the rapid construction of public works had brought to the country skilled tradesmen, for whom, a few years previously, there would have been no employment. In many instances the number of men in these trades was too small to admit of a union being formed, and the Trades and Labour Council proposed the formation of a union to include these as well as all general labourers. The suggestion was ill received by the skilled workers, and was not carried out.

The changed conditions of employment in the colony were obvious when, in 1892, the Midland Railway works came again to a standstill, and a large number of men were thrown out of employment. A few years previously this would have been regarded as a great disaster, and have been attended by considerable industrial disturbance. Now, as it happened, the men thrown out were at once absorbed, and the stream of labourers, coming in from Melbourne and Adelaide, was in no wise interrupted. The position of the working classes in Western Australia was, at this time, far better than in South Australia, Victoria, or New South Wales. The cost of living was undoubtedly high, probably from 30 to 50 per cent above that in the eastern states ; but wages were better, and every fit man in Western Australia could count on constant employment.

Gold discoveries were being made almost daily, and many hundreds of men were scouring the country, leaving paid employment to others who were steadier or less enterprising. Meanwhile, the work of development went on, and in most of the mines there was still much to be done before a satisfactory return of gold could be counted on. In the circumstances, some employers thought to impose lower wages until the payable stage was reached. At Southern Cross the owners proposed to reduce wages in several branches of labour to the following scale :

| | | | Old rate per day. | Rate suggested per day. |
|-----------------|---|---|----------------------|----------------------------|
| | | | s. d. | s. d. |
| Miners (wet) | . | . | 13 4 | 12 6 |
| ,, (dry) | . | : | 11 8 | 10 6 |
| Battery fillers | . | . | 10 0 | 8 6 |
| Engine drivers | . | . | 12 6 | 12 0 |

They proposed also that the working time on the mines should be increased from $41\frac{1}{2}$ hours per week to 44 hours, the changes to come into operation on 5th August 1892. This action was taken without prior consultation with the Miners' Union, which at once met and decided that work on the mines should cease on 4th August. The mine-owners were required by law to employ a certain amount of labour on their leases, on pain of forfeiture. To avoid forfeiture as well as to gain time to combat the miners, they now sought from the warden of the field a suspension of the labour clauses, a concession which he alone had power to grant. This he refused, but the Government, siding with the owners, instructed the warden to grant the exemptions asked for, as it would be "impossible in the interests of the Colony to advise the forfeiture of gold-mining leases on account of non-performance of labour conditions owing to a strike." The warden nevertheless still declined to grant the suspension, and the Government at once amended the mining regulations, so as to give power to the Minister of Mines to grant lessees exemption from the performance of the labour conditions of their leases. There was a fruitless meeting of the representatives of the disputants, and the mine-owners then decided to send two of their managers to obtain from South Australia the labour they required. Sufficient men were thus secured, but there was great difficulty in getting them to work after they reached Southern Cross, and before September closed the "rush" to Bayley's discovery, 130 miles east of the place, put an end to the dispute by depleting Southern Cross almost entirely of its miners.

The goldfields were now offering employment to a continually increasing number of men. The beginning of the

Yilgarn and the South-Western Railways and the Fremantle Harbour works also offered large opportunities of employment. Public buildings were being erected in every town in the colony, and the breaking up of the drought in the north removed the only drawback to a general prosperity.

During 1892 the young Trades and Labour Council expired, not having sufficient vitality to bear the resignation of its secretary. The Eight-Hours Committee remained in existence, however, and on 20th October, Proclamation Day, it held the most representative demonstration of labour that the colony had yet witnessed. In the procession, carrying their distinctive banners and insignia, marched the Fremantle Lumpers' Union, the Plasterers', Operative Bricklayers', and Masons' Societies, the Perth Amalgamated Carpenters' Society, the Coach-builders', Typographical, Leather Trades, Painters' and Labourers' Societies, and the employees of the Harbour works and of the Government railway shops. Falconer, the president of the Eight-Hours Committee, took the occasion to urge the formation of a new Trades and Labour Council; Hornby, who was secretary to the Committee, as well as to the Typographical Society, called a meeting for that purpose; and on 6th January 1893 the rules for the new Council were adopted, Falconer and Hornby becoming respectively its president and secretary. The Council began an active political campaign at once, agitating on the subjects of franchise reform, the alteration of the tariff, and the repeal of the Imported Labour Registry Act, and it was able to bring sufficient pressure upon the Government to ensure some attention being paid to its demands.

TASMANIA

The important discoveries of gold and tin, which had been made about the year 1870, had not had time to exert any marked effect on general employment at the beginning of this period, only about 500 men being at work at the gold-mines and a few dozen on the tin-fields. Nevertheless

the improvement in the prospects of the island, owing to these discoveries, had an immediate effect on the labour market generally. In 1873 the outlook for labour was better than it had ever been before, and for the first time wages began to rise not owing to the demand for men on the mainland of Australia, but because Tasmania itself was offering new avenues of employment.

The construction of the railway from Hobart to Launceston was begun in 1870, and the unusual demand for labour thus set up could not be satisfied in Tasmania. Some navvies came over from Victoria, and three parties, comprising in all 675 men, were brought out from England during 1872 and 1873. The increased demand for labour led at once to a movement for increased wages and shorter hours. During 1873 and 1874 this was fairly general among mechanics of the building trade, but there were no trade unions and the struggle had to be carried on in each separate place of employment. In some instances the workers were able to reduce their hours of daily work from ten to nine and improve their wages, but these successes were hard to secure and easy to reverse. On several occasions the railway labourers struck for higher wages, and the men newly arrived from England joined the local men in their demands. In March 1873 the wheelwrights employed in the railway workshops struck for an advance of 1s. a day on the 7s. which they were then receiving, but with no success, as the places of the strikers were at once filled by others at the lower rate. In April of the same year, ships' carpenters and other shipbuilding artisans at Hobart struck for increased wages and an eight-hours day; they obtained some concessions in wages, but not the shorter day. In 1874 the journeymen bakers had their hours reduced from twelve to ten hours per day, and the labourers employed by the municipality of Hobart obtained a half-holiday on Saturdays. These were not great achievements, but nevertheless they were indications of a new spirit awakening in industrial life. Even agricultural labour felt the change, for many farm hands left their

employment to go to the mines or railway works, and it was almost impossible to replace them.

In spite of the greatly improved prospects of labour, the island continued to lose population, especially to New Zealand, where extraordinarily high wages prevailed. Unfortunately it was the most robust of the labouring class who emigrated, and at the beginning of this period there was a large proportion of inferior workmen in all Tasmanian trades, except perhaps gold-mining. This element of inferiority gave rise to great variations in wages, even in the same district, and these, with the variations due to locality, make it difficult to determine what were the earnings of a man of good average capacity at this time. The matter is further complicated by the practice common in the country districts, especially on the east coast, of paying a great part of a man's wages in kind. The official returns give the wages at Launceston as the highest paid in Tasmania, and those of Hobart as slightly above the average. The following is a statement of the daily wages current in Hobart during 1875 :

| | s. | d. | | s. | d. |
|---------------|----|----|-----------------|----|----|
| Blacksmiths . | 7 | 6 | Masons . . . | 9 | 0 |
| Bricklayers . | 9 | 0 | Painters . . . | 7 | 0 |
| Carpenters . | 8 | 0 | Labourers . . . | 5 | 0 |
| Engineers . | 12 | 0 | | | |

Ploughmen were usually paid 12s. per week, farm labourers 10s. in the southern districts and 11s. 3d. near Launceston, and shepherds 12s. 6d., with rations and sleeping accommodation in all cases. These wages are well in advance of those prior to 1873, but on the whole much lower than those paid on the mainland.

The extent and richness of the mineral deposits have already been referred to, but their inaccessibility and the lack of capital in the island made the development of the mines slow and intermittent. There was always money available for mines which were proved to be immediately payable, but where much labour and expenditure were required before the paying stage could be reached, it not

infrequently happened that work was suspended or abandoned after a few months, the miners dispersing to other districts. Notwithstanding this, there was a progressive development in the employment provided by mining; tin-smelting works were set up in 1876 to enable the ores to be more readily handled, and a beginning was made with iron reduction, while the timely discovery of gold, at Nine Mile Springs, enabled all the miners in the island to find remunerative employment. The building trade became extremely busy, not only in Hobart and Launceston, but also on the new mining fields. In 1876 the tide of emigration at last ceased, and there was a surplus of immigrants, most of whom came from Victoria and South Australia to work in the mines.

The wages of mechanics were rather higher in 1876 than in 1875. There was no increase in the wages of agricultural or pastoral workers, notwithstanding the shortage in all forms of predial labour, which is explained by the fact that while the younger and abler men had left the occupation, the old and inferior workers were given the rates of wages which had been hitherto reserved for better workers.

During 1877 and 1878 employment continued to be very good. There was a gradual development of tin and gold mining, which, so far as tin was concerned, would have been much more marked were it not for the bad means of transport and the fall in the price of the metal. In September 1877 the London price of tin was £63 : 10s. per ton, and the cost of transit from Mount Bischoff to the sea on pack-horses, which were the only carriers available, was £12 per ton. In some instances the wages of miners were reduced, and many men turned from tin-mining to gold-mining. Early in 1877 an alluvial goldfield was opened at Brandy Creek, known later as Beaconsfield, and 1000 men were soon at work upon it. The Government had also undertaken a number of public works, railways, roads, and bridges, and thus increased the demand for labour. During 1878 gold-mining attained a position

of greater importance. Beaconsfield was transformed into a regular town with churches, shops, and other permanent buildings. There was an increase in the machinery necessary for quartz-mining, and many gold-mining companies began to pay good dividends.

The year 1879, which was one of depression throughout Australia, brought some depression to Tasmania also, but it affected commercial rather than industrial life. In some of the tin-mining districts the further fall in the price of tin caused numbers of claims to be given up, but the miners who thus lost their employment found no difficulty in obtaining work on the goldfields. The excellent season brought a large demand for agricultural labour, but the absence of a sufficient supply necessitated a more extensive use of labour-saving machinery, obtained from South Australia and Victoria; and whereas only 2389 acres out of 62,000 were reaped by machinery in 1871, considerably over half the area was so gathered in 1879.

The trade depression which had prevailed more or less throughout 1879 gave way in the following year to a condition of prosperity and industrial expansion which continued almost uninterruptedly for seven or eight years. In 1879 the value of the gold and tin exported had exceeded that of the wool, and there was an all-round increase in production in 1880, benefiting employment in many ways. The building trades were especially active, and there was something of a boom in building land. Prosperity reached its height about the end of 1882, and the daily wages then current in Hobart were :

| | s. | d. | | s. | d. |
|---------------|----|----|----------------|-----|---------|
| Blacksmiths . | 8 | 0 | Plasterers . | 10 | 0 |
| Bricklayers . | 10 | 0 | Plumbers . | 10 | 0 |
| Carpenters . | 10 | 0 | Saddlers . | 7 | 0 |
| Joiners . | 10 | 0 | Tanners . | 6 | 0 |
| Masons . | 10 | 0 | Wheelwrights . | 7 | 6 |
| Engineers . | 10 | 0 | Labourers . | 5s. | to :6s. |
| Painters . | 9 | 0 | | | |

The Launceston rates were still in some instances higher than those of Hobart, but on the whole there was a nearer approximation than in former years.

Farm labourers were usually paid 12s. per week and ploughmen 15s., with lodging and rations, but wages ranged between 8s. and 25s., the former being the pay of the old and inefficient and the latter that of men working in the neighbourhood of the mines, who, if they had received less, might have been tempted to leave their employment. The old style of shepherd was usually hired by the year and paid £20, but to good station hands as much as £60 a year was paid.

The population of Tasmania was increasing steadily and with much greater rapidity than it had done before, but as voluntary immigration did not supply the labour market sufficiently well, steps were taken in 1883 to bring from Great Britain farm labourers, useful mechanics, and domestic servants. About 2000 persons were thus introduced, and found employment very readily, but the meagre revenue of the island did not admit of this experiment in immigration being persevered in. After 1885 there was a decline in the productivity of the goldfields, particularly of the alluvial mines ; the search for gold ceased to draw men from other occupations, and in 1887 the gold-miners in the colony were considerably fewer than in 1882. Tin-mining, on the contrary, showed excellent prospects ; the price of the metal had risen very much, and the development of the mines was correspondingly increased. In 1887 about 2300 men were at work on the tin-fields. But there were no longer anticipations of the vast mining discoveries that would revolutionize the industries of the island. Employment remained good, but new openings were no longer continually presenting themselves, and the colony appeared to be settling down industrially into a condition of stagnation. There were already indications of a fall in wages. The average wages of 1882 were the maximum in 1887, and in nearly all trades wages ranged down to 2s. below the maximum. Wages in engineering trades formed

an exception to the general rule; in 1882 their average was 10s. per day, in 1887 they ranged between 10s. and 12s., and on the mining-fields 16s. was usually paid to a competent engineer. In agriculture and pastoral employments wages remained practically unchanged. Miners received for skilled work 8s. 4d. per day, but surface hands and unskilled labourers 6s. 6d. and 7s., according to the locality. In mining, however, wages tended downwards, and many men, who had turned eagerly to this employment a few years before, now began to agitate for facilities to enable them to settle on the land.

Labour conditions remained practically unchanged during 1888 and 1889. There had been important discoveries of silver-lead at Mount Zeehan in 1885, of gold and copper at Mount Lyell in 1886, and silver and lead at Heazlewood in 1887, but these discoveries, valuable as they were proved to be, did not give much employment during this period, and the number of men engaged in mining fell from 3800 in 1883 to 2800 in 1890.

During 1888 and 1889 artisans and labourers, not connected with agriculture or mining, were largely depending upon public works for employment, as the Government was spending money freely, but in 1890 conditions of employment began to improve, and this tendency continued until the commencement of the great maritime strike in September 1890. The strike itself had no important developments in Tasmania; some of the men employed about the wharves belonged to the Labourers' Union, and went out on strike rather than unload any ships carrying non-union crews, but they were easily replaced by non-union men. For a time trade between the mainland and Tasmania was suspended, and business and employment suffered, but with the reopening of communication business revived and continued fairly good until August 1891, when the failure of the Bank of Tasmania brought trade in the south of the island almost to a standstill, and very adversely affected employment. The banking failure led to several other institutions closing

their doors, and amongst these were some building societies, whose stoppage brought depression to the building trades.

The official statement of wages for 1891 gives rates approximately the same as in 1887, except in some of the building trades, but this statement was derived from union sources, and showed rather what was demanded than what was paid. At the close of 1891 the most cheerful factor in the industrial life of Tasmania was the development of the Zeehan mines. Early in 1892 railways were opened from Zeehan to Strahan and to Dundas ; the communication thus set up was of great benefit to the mines and increased their ability to employ labour, and, taking the year as a whole, employment was better in Tasmania than in Victoria or New South Wales, though wages were nominally lower.

The financial convulsion of April and May 1893 had a disastrous effect upon employment in Tasmania, though none of the Tasmanian banks suspended payment. The Government was unable to borrow in London, and the money obtained locally was not sufficient to enable it to maintain its policy of public works ; a large number of men were thus thrown out of employment. Many of the Tasmanian mining enterprises were dependent upon Victorian capital, and some, that had not reached the paying stage, stopped work. In the towns, building came to a standstill ; many businesses were unable to carry on and were compelled to discharge their clerks and other employees, and there was not only a considerable amount of unemployment, but much destitution. In Hobart and Launceston committees were formed to relieve the necessitous, and the Government established several relief works on which the men employed could earn about 4s. a day. The mining industry, however, afforded the best means of relief, and there was an immediate increase in the number of men at work on the alluvial goldfields. But many of the unemployed were incapable of doing hard manual labour, and remained in the towns dragging out a precarious existence. The situation was not relieved until there had been a large exodus of population.

WOMEN WORKERS

About half the women of Australia work or have worked at paid occupations, and about 20 per cent remain workers practically all their lives. Nearly half these women are domestics, one-fourth follow industrial pursuits, one-eighth are employed in shops and offices, and the larger part of the remainder follow teaching or some other profession, the number of paid workers in agriculture, dairying, or other predial occupation being comparatively small.

The employment of women in industrial pursuits became a matter of importance between 1871 and 1881, especially in Victoria, where many factories had been set up, and during the next decade some attention began to be paid to the conditions under which they worked. It has several times been remarked in these pages that there was a close connexion between labour movements in England and in Australia. Now from 1880 to 1886 women's labour was one of the principal subjects discussed by the middle-class enthusiasts in England, who had just begun to take an interest in labour questions, and the evils of sweating were being laid bare before a Select Committee of the House of Lords. The echoes of these discussions were heard in Melbourne in 1882, when there were complaints of sweating amongst home-workers, but it required the stimulus of certain articles in the *Age* newspaper to arouse public attention to the existence of many evils in connexion with the employment of women in work-rooms and factories. As a result of these articles and the public indignation they aroused, there was some show of improvement in the factory conditions, but it was not until the passing of the Factories and Shops Act in 1885 that there was any real betterment. In 1871 there were 2630 women employed in the Victorian factories; in 1885 the numbers had increased to 7755, and in 1891 to 10,786.

The increase of industrial employment for women came later in New South Wales than in Victoria, but it developed

much on the same lines, and in 1891 an inquiry by the official statistician, the writer of these lines, showed that sanitation in Sydney had received as little attention as in Melbourne ten years before. The condition of many places where women were employed was extremely disgusting, even indecent, and there was the same cry in trade-union circles that labour was being sweated. Women home-workers were grossly underpaid, and many earned far less than a living wage, but sweating was practically non-existent.

Although a Tailoresses' Union had been formed in Melbourne as early as 1874 by the Tailors' Union, trade unionists as a whole took little interest in their women fellow-workers. In certain trades it was evident that women were displacing men, but so long as general trade was booming even this consideration had no great weight ; it was not until employers had begun to press steadily for a general wages reduction that trade unionists discovered the necessity for combination amongst women workers. About the year 1890 steps began to be taken both in Victoria and New South Wales to form unions of women working in factories ; these unions, in most instances, being established, and for a time managed, by the officials of corresponding unions of male workers.

The movement of wages of domestics is given elsewhere. For the period 1873 to 1893 the average of all classes was 12s. 6d. per week, and if to this be added 10s. 6d., the estimated cost of food, their real wages were 23s. per week, and, as will be seen, higher than the average for women in any other industrial employment. The earnings of women employed in teaching and other professions were uniformly lower than for men engaged in similar work, and salaries in such occupations were usually from 30 to 50 per cent lower ; in commercial work women's wages were about 50 per cent below those of men engaged on the same occupations. Women in factories and workshops received hardly half the wage of men in the same employ, but their work was as a rule different, so that there

is no real comparison to be made. The information regarding industrial wages, during this period, is more abundant for Victoria than for any of the other colonies, and may be fairly taken as representative of the whole of Australia. The following statement gives the average weekly wages paid to adult males and females in twelve representative industries at the close of the period :

| Industry. | Wages of Women. | | Wages of Men. | |
|-----------------------------------|--------------------|----|------------------|----|
| | s. | d. | s. | d. |
| Boots and shoes . . . | 16 | 9 | 35 | 10 |
| Biscuits, confectionery, etc. . . | 18 | 6 | 35 | 0 |
| Brushes and brooms . . . | 16 | 0 | 34 | 6 |
| Clothing | 18 | 0 | 41 | 0 |
| Grocers' sundries . . . | 14 | 6 | 38 | 0 |
| Hats and caps | 17 | 0 | 49 | 0 |
| Printing and bookbinding . . . | 15 | 0 | 45 | 0 |
| Rope and twine | 13 | 8 | 37 | 0 |
| Shirtmaking | 18 | 8 | 43 | 0 |
| Tobacco and cigars . . . | 17 | 6 | 38 | 10 |
| Waterproof clothing . . . | 18 | 8 | 36 | 0 |
| Woollen mills | 20 | 3 | 34 | 6 |

Women workers in dressmaking averaged 16s. per week ; hosiery, 14s. 9d. ; millinery and underclothing, 21s. 6d. ; umbrella-making, 15s. 9d. ; and furniture and bedding, 18s.

During 1891 the trades enumerated in the foregoing list employed in Australia about 20,000 women, considerably more than half of whom worked in clothing and dressmaking establishments. The average wage for all employees was 17s. per week, which was about the same as in 1881 and 2s. 6d. higher than in 1873. It was possible for a woman to obtain board and lodging in Melbourne or Sydney for 14s. per week, and an average worker would thus have a trifling margin for other necessary expenses, but one below the average would have no such margin. The investigation in Sydney at the time of the census of 1891 showed that the majority of the women workers had homes with their fathers or other relatives, and, while contributing to the household expenses, had a substantial

margin remaining over for dress and amusements. Those not so circumstanced were usually compelled to hire cheap lodgings and stint themselves in food, in order to maintain the appearance of decency which even the roughest workshop demanded.

VII

THE MARITIME STRIKE OF 1890

IT will have been seen in the last chapter, treating of labour and wages, that the relations between capital and labour during the greater part of this period were fairly amicable ; in 1890, however, there commenced a series of struggles carried on with great bitterness, which extended over several years, and have more or less affected the relations of employers and employed even to the present hour. The ostensible causes of these disputes were now one thing and now another, but behind them all was the determination of the trade unionists not to work with non-unionists, and to exact from employers the recognition of the unions as the only channels of communication between master and men in the event of a labour dispute arising. The majority of the masters resisted these claims and insisted on their right to deal with their individual workmen or their workmen as a body without the intervention of a third party, and to employ any person offering his services, whether he was a unionist or not. In effect, the struggle was as to whether trade unionism was to be made compulsory upon all workmen.

There were early indications that such a struggle was inevitable, and it seemed very likely that the first trial of strength would be between the shearers and the pastoralists.

The Shearers' Union was a most powerful organization with branches in all the eastern colonies, and it was a serious

step when it announced its determination not to allow its members to shear in sheds where the union " slate " was not adopted. The pastoralists, though at the time by no means so well organized as they became later, were equally determined to employ whatever labour they might choose. As early as 1887 the Shearers' Union had endeavoured to impose its rules upon the pastoralists, but in this it had had very little success, only the smaller men giving way ; after that the relationship between the two bodies became increasingly strained, notwithstanding several well-meant attempts to bring about a good understanding. Thus in 1889 a committee of the Pastoralists' Association of Queensland met a committee of the Shearers' Union at Blackall, and drew up a form of agreement to be observed in future, but this agreement was rejected by the Queensland shearers at a meeting held in January 1890. The pastoralists then set about making their annual contracts for shearing during the coming season without any reference to the Shearers' Union, and this was met by an announcement made at Young, in New South Wales, by the president of the Amalgamated Shearers' Union, that the shipping of wool sheared by non-unionists would be blocked. Further district conferences were held, but as neither side was absolutely committed to the decisions of the conferences, no result followed ; nor did anything come of the meeting at Sydney in July of the president of the Shearers' Union and the secretary of the Pastoralists' Association. The pastoralists demanded that they should be allowed to shear their sheep under their own agreements during the coming season, but this was refused by the shearers. The shearing was now on the point of commencing, the pastoralists arranging for non-union labour, and the shearers resolving to resist its employment, and, at the same time, calling for support from the other labour organizations. The wharf labourers appeared to hold the key to the situation, and any uncertainty as to their action was dispelled by the official announcement of the Wharf Labourers' Union, that it had decided not to handle wool

shorn by non-unionists. It afterwards transpired that it had been arranged by the secretaries of the various branches of the Shearers' Union to place private marks on wool bales, so that any "black" wool that came to Sydney might be detected and dealt with as policy might require; and the effectiveness of the strike against the pastoralists seemed even more certain when the seamen declared themselves ready to refuse to sail on ships carrying non-union wool. On 7th August the secretary of the Trades and Labour Council received a telegram from the Wagga branch of the Shearers' Union, stating that some non-union wool would be sent from that place on the following day, and a resolution endorsing the action of the wharf labourers in refusing to handle such wool was passed. The signal for a shearers' strike was, however, not yet given.

Other unions entirely unconnected with the pastoral and transport industries now began to prepare for a contest with the employers, over the question of the employment of non-unionists; and some of them informed the Trades and Labour Council they had resolved that no member should be permitted to work with "non-society" men after a certain date; they asked for help, if a strike became necessary, to support such resolution. These incidents, though they were not the immediate cause of the conflagration, show very plainly what was its real cause and what was the attitude of the unions towards non-union labour. While these disputes were smouldering, the strike broke out at another point.

A fireman on the steamship *Corinna*, trading between New South Wales and Tasmania, was dismissed by the captain. The Seamen's Union declared that his dismissal was due to the fact that he was an officer of the union, and his immediate reinstatement was demanded. The steamship company refused to reinstate him, but offered to find him a similar situation on another vessel. This offer was declined, and the seamen on board the *Corinna* were called out. At the same time another difficulty was developing between the shipowners and their employees. The officers

of vessels engaged in the intercolonial and coasting trade had formed the Marine Officers' Union, and asked for a conference with the shipowners to put before them a complaint in regard to the lack of accommodation provided for junior officers, and to demand an increase of pay. The shipowners were willing to meet the Officers' Union, but, while the matter was pending, the officers began to discuss whether it might not be expedient for them to affiliate their union with the other maritime societies. When this became known to the owners, they declared that though they had no objection to the officers forming a union, and were willing to discuss with this body the matters concerning which complaint had been made, they objected strongly to the Officers' Union connecting itself with the unions of other ranks, as it was considered that any such arrangement would be subversive of discipline. The marine officers refused to surrender the right to enter into combination with other unions, and the first blow was struck at Port Adelaide, where the ships' officers on 15th August 1890 gave the owners twenty-four hours' notice of their intention of leaving, unless their union was permitted to join the Maritime Labour Council. At the expiry of this notice the officers left their ships. On the same day the Adelaide Trades and Labour Council issued a manifesto in support of the officers, and the seamen and wharf labourers struck in support of the principle that labour should be free to form any union it might desire.

An Intercolonial Labour Council happened to be sitting in Sydney when these events occurred, and the members of the Council formed themselves into the "Labour Defence Committee" and took over the conduct of the strike, which had become general throughout the whole of the colonies except Western Australia. The Labour Defence Committee lost no time in issuing a declaration that "the time has come when a supreme struggle must be fought in defence of the principle of trade unionism . . . and the maintenance and defence of the right of labour to federate

in a common cause." The unions concerned entered on the struggle with great confidence. On 19th August the Wharf Labourers' Union passed a resolution withdrawing all union labour from all the wharves and vessels in Sydney, and on the following day from 4500 to 5000 men engaged on the wharves and shipping in Sydney struck work, their numbers being increased day by day, as vessels came into port. Gangs of men were appointed by the strike committee to watch the wharves and prevent non-union men reaching them. But the employers on their part were not idle, and wherever possible they obtained non-union labour, which worked under police protection, and, where necessary, was provided with food and shelter on the wharves, during the whole course of the strike. Notwithstanding the efforts of the employers, the process of loading and unloading was very slow, and for a week or so there was an entire suspension of the intercolonial and coastal shipping traffic, but the attempt to extend the strike to the crews of deep-sea vessels completely failed. It was not until the beginning of September that any effort was made to despatch ships; on 4th September some wool was handled and shipped, and on the 8th and 9th eleven vessels sailed from Sydney with non-union crews on board.

Meanwhile, a meeting of what was called the Pan-Australian Conference of Employers was summoned, and its first sittings were held in Sydney on 9th September. To this conference came representatives of the shipping and pastoral industries, other industries being sparsely represented. The public were hopeful that a meeting might be arranged between the two parties, but for the time being both were intractable, and the manifesto of the Labour Defence Committee was answered by one from the employers affirming "the right to freedom of contract between employers and men, their determination to oppose the use of force and boycotting, and their intention to retain labour engaged during the strike."

. By this time all the unionists, except the members of

the railway associations, whose assistance was needed to prevent the export of wool, were on strike, but the motives which originally impelled the leaders of the workers to enter on the contest made it impossible that the strike could be restricted for any length of time to the maritime trades, transport workers, and shearers. Its first serious extension was the refusal of some of the miners at Newcastle to supply coal to the *Corinna* and to other ships with non-union crews, to which the associated colliery proprietors at once replied by closing their mines. On 17th September the Labour Defence Committee called out the rest of the coal-miners, not only in the Newcastle district, but also on the western and southern coalfields. The disturbances in the shipping trade had so affected the shipment of ore at Port Pirie that the directors of the mines at Broken Hill, whence the ore came, confined their work to raising ore that could be treated locally. Large numbers of men were discharged from the mines, whereupon the executive committee of the Miners' Union called out all the men employed at Broken Hill, and work was suspended until 3rd October, when an arrangement was made to permit the loading of ore at Port Pirie.

At the beginning the strike was conducted without any show of violence, but it was soon manifest that, unless special precautions were exercised, very great disorders would ensue. The authorities in all the colonies therefore took measures to provide additional police protection ; in New South Wales large numbers of special constables were sworn in. The first serious disturbance occurred at Newcastle, where a dray, laden with flour belonging to an unpopular employer, was upset, and an attack made on the wharves of the Australian Agricultural Company. This attack was repelled by the police. In spite of the picketing many vessels continued to be loaded by non-unionists, much to the indignation of the strikers ; on the other hand, in spite of the precautions taken by the police, non-unionists, or free labourers as they were called by the employers and the press, were frequently assaulted in the streets of the cities,

and in some instances men at work were so severely injured as to be compelled to relinquish their occupation.

In Sydney there was great apprehension lest the struggle should develop into a general strike, as several trades manifested a desire to throw in their lot with the maritime trades, and when on 15th September the dray and trolley men joined the strike, the Mayor put out a proposal that a committee of arbitration should be appointed, to which all questions at issue could be referred. This suggestion was so well received that there seemed to be some prospect of a peaceful settlement, when an incident occurred which aroused the worst feelings of the strikers and made such an event impossible. A quantity of wool was lying at the Darling Harbour wool sheds awaiting conveyance to the Circular Quay for shipment, and as the draymen and trolley-drivers had struck, a number of "volunteers" agreed to convey the wool to the ships. Accordingly, a train of nine trolleys was loaded with wool, on 19th September, and driven in procession towards the Circular Quay. The drivers were mostly employers prominent in the dispute, and the procession was surrounded by a strong escort of mounted constables. This sight greatly irritated the strikers, determined as they were that the wool should not be handled. A dense crowd gathered along the line of route; at several points attempts were made to block the teams and in the confusion that ensued several of the drivers and police were injured. The disturbances culminated in a fierce mêlée at the Circular Quay.

Parkes, who was then Premier, lay sick at his house on the day of the conflict, and McMillan, the Treasurer, gave instructions for the reading of the Riot Act. This being done, the mounted constables charged the mob, scattering it in all directions and making some arrests. Parkes subsequently took his Treasurer to task for this action, but he could not have felt strongly on the matter, as there was no break in the Ministry.

The Labour Defence Committee had been for some time wishful to take the step of calling out the shearers,

and the excuse, provided by the disturbances in Sydney, was heartily welcomed. They thought that any considerable delay in shearing would not only retard shipment, but cause such deterioration in the wool as would affect materially its value; and they expected that, to avoid this, not only would the pastoralist employers be glad to come to terms, but pressure would be brought to bear upon them by the banks and other institutions that were financially identified with the pastoralists. The Labour leaders therefore issued instructions that the shearers should cease work on 24th September, a few days' delay being necessary, so that the order to strike might reach the more distant stations before the date assigned for action. Emissaries were sent round the shearing sheds to see that the order to strike was obeyed, and within a week shearers to the number of 20,000 were on strike, notwithstanding the very strenuous efforts made by the pastoralists to prevent them. Having failed to keep their men to their engagements, many of the squatters prosecuted their shearers for leaving work without due cause, and in almost all cases conviction followed. In many districts also the pastoralists were able to secure labour to replace the strikers, not, indeed, to complete the shearing, but sufficient to encourage resistance against the men's demands.

The Labour leaders now found that the calling out of the shearers was in many ways a tactical mistake. The men, by leaving their work, had put in jeopardy the money they had already earned; in many cases this amounted to from £10 to £20. Those of their number who were free selectors,—and these were a considerable proportion,—were depending upon the cheque they hoped to make at shearing, to pay the interest and instalment due to the Government on their holdings, and little relished the prospect of losing it, while all disliked the litigation threatened by the squatters. The shearers had been liberal contributors to the strike funds, and by calling them out the Labour Defence Committee lost at once a large slice of the revenue on which it depended to fight the

battle against the shipowners. Influenced by these and like considerations, and acting on legal advice, the Committee, when attempts were again made to settle the strike, and as a preliminary to a peaceful conference, decided on 2nd October to allow the shearers to resume work, and the bulk of the men at once returned to their sheds. Notwithstanding this retreat on the part of the Labour leaders, the suggested conference did not meet. The employers' unions reaffirmed their decision that they would not regard the question of their right to employ "free labour" as open to discussion, and the trade unionists on their side demanded an unfettered conference. In the coal-mining districts there had been a great amount of intimidation of non-unionists, and on 29th September a serious attack was made upon those employed at Greta. Everywhere the effect of closing down the coal-mines was beginning to be felt very seriously, and the price of coal had risen 500 per cent. The stock of coal for the railways was now almost exhausted, and on 9th October the Government sent down a body of soldiers with artillery to assist the police in protecting the non-union miners at Bulli. This was resented very keenly by the trade unionists, who were now depending mainly on a shortage of coal to bring the employers to a conference. The non-union labourers, under the protection of the Government, did not confine themselves to obtaining coal for the railways, and on 13th October the Labour Committee offered to allow unionists to get coal for the railways if the troops were withdrawn from the district. This offer was refused, and with it vanished all hope of a labour victory.

On 17th October the marine officers had a meeting with the shipowners and arranged to resume work about a fortnight later. In New South Wales the strike still lingered, but the funds of the unions were exhausted, and the men were breaking away and returning to work on the employers' terms. The Western coal-miners returned to work in a body on 28th October, and on 7th November the miners, lumpers, and other wharf-men at Newcastle

agreed to resume work. A few days afterwards the Federated Seamen's Union came to an agreement with the Steamship Owners' Association, and the strike was officially declared to be over.

The operations of the strike were directed from Sydney, and its most important movements originated in New South Wales, but in Victoria, Queensland, and South Australia there were local developments not without interest.

The great strike began in Victoria on 18th August; on the 20th trade between Melbourne and Tasmania was stopped, and the wharf labourers agreed to strike in sympathy with the seamen. Two days later the export trade of the colony came to a standstill. Work on the wharves was almost entirely suspended, twenty ships were laid up at Melbourne and Geelong for want of crews, and the port of Melbourne was in a state of semi-blockade. Many works were closed on account of the failure of the coal-supply, and the unloading of a cargo of coal for the gas-works by non-union labourers on 24th August led to scenes of violence in the streets. On 26th August the gas stokers were called out by their union, and the companies concerned at once began to collect a staff of non-union men, which led to considerable rioting. On 29th August the city was left without gas, but after that date a somewhat insufficient supply was maintained by means of non-union labour. A few days later the most serious phase of the strike was over so far as Melbourne was concerned. A number of special constables were sworn in, and the permanent military force brought to Melbourne; adequate protection being thus afforded to men who desired to work, the employers found little difficulty in filling the places of the men out on strike. By the middle of September it was stated in the newspapers that "a visitor to the Melbourne wharves would hardly know that anything is amiss," and the coastal trade was resumed, not indeed fully, but with sufficient despatch to avoid any great inconvenience to settlers and shippers.

As the coal-mines of New South Wales had all suspended work, coal soon became scarce, and this affected the iron trades and all factories and workshops where fuel was used. At the beginning of October the price of Newcastle coal was 51s. per ton, and was advanced almost daily, and the charge for gas was increased to 11s. 3d. per 1000 feet. For domestic use coal had been abandoned in favour of wood, which was also used where possible for railway purposes, and in anticipation of a prolongation of the strike the railway authorities had sent to Japan for a supply of coal. All the foundries in Melbourne save one were closed, and coal was only prevented from rising to a fabulous price by the fact that it had almost ceased to be used in houses, workshops, and factories. To the public at large the coal shortage was the chief inconvenience ; there was no shortage of labour, as the strikers speedily discovered. The stevedores were able on 11th October to notify their men on strike that they could return to work, "but only as individuals, the union would not be recognized." The masters had already a large number of non-union men in their employ, and they announced that these would not be discharged, but that the union men would have to work amicably by their side. This was pure make-believe on the part of the masters. The return of the union men led to a great deal of fighting between them and the non-unionists, as was to be expected ; but stevedoring is skilled labour which only a few of the non-unionists were competent to perform, and the masters had no intention of retaining incompetent men ; their object was to get their work done and, incidentally, to break up the men's union. A few days later, the Victorian iron-masters formulated the conditions under which men would obtain employment in their shops. The agreement entered into some ten months previously was set aside, and the first of the new rules laid down the principle that no distinction should thereafter be made between union and non-union labour.

The Queensland unions did not play a leading part in this conflict, but gave a strong sympathetic support to

the Southern unions. On learning what the officers had done, the Brisbane Seamen's Union at once declared that if ships sailed with non-union officers the crews and firemen would be withdrawn, and the Australian Labour Federation directed every society affiliated to it to be in readiness to come out on strike in sections or in a body, should it be called upon so to do. On 16th August there was great confusion on the Brisbane wharves, owing to the efforts made to have the steamers discharged and coaled before the men were called out. Two days later practically all work at the port ceased, as the union men had been withdrawn from the intercolonial steamers, and the wharf labourers, winchmen, and every class of labour concerned with shipping had been called out. On 19th August about 640 men, all maritime workers, were out in Brisbane ; the strike had extended to Rockhampton, Townsville, Cairns, and other ports, and the Australian Labour Federation had issued a notice that other workers would be called out in support of them if necessary. The employers tried to replace the strikers by non-unionists, but neither in Brisbane nor in the other ports were any to be procured during the first few days. An attempt was made to finish the loading of the steamers at the Brisbane wharves by volunteer labour, and on 21st August the Australian United Steam Navigation Company's steamer *Fitzroy*, loaded by clerks and partly manned by them, sailed for Rockhampton ; two days later another ship followed. The attempt to obtain non-union labour for these boats led to a good deal of street fighting, and the Government thought it expedient to call in some of the country police to Brisbane ; these proving insufficient for the purpose of maintaining order, the Queensland Defence Force was embodied on 28th August, and stationed in Brisbane so as to be available at short notice. About 1000 men were now on strike in Brisbane, 160 at Rockhampton, 140 at Townsville, 90 at Maryborough, and 50 at both Mackay and Cooktown ; but it had become obvious that if non-union labour received adequate protection, the shipping

companies could obtain sufficient men to replace those who had left them. In the event, the places of the strikers were rapidly filled, and on 6th and 8th September there were violent street fights between the union pickets and the non-unionists in the neighbourhood of the shipping companies' offices, where recruits were being enrolled, indicating the exasperation of the unionists at their failure. The Government took special precautions to protect the property of the companies and the persons of the non-unionists ; the boats resumed their running, and the work of loading and discharging was carried on with fair efficiency. On 24th September, in response to the request of the strike committee in Sydney, the Queensland shearers gave a week's notice. These notices, however, were cancelled before they became effective, and the few men who quitted work hastened back to it, and, so far as Queensland was concerned, the strike had failed. Before the middle of October shipping business was being conducted as though no strike existed ; some of the union men had already returned to work, and, in any case, other supplies of labour were plentiful. On 18th October the marine officers in Brisbane resolved to endorse the action of the officers in Melbourne in attempting a conference with the ship-owners, and they accepted the resolution of the Melbourne officers to give up affiliation with other trade unions. The Brisbane branch of the Officers' Union was dissolved, and the officers applied individually for employment. Thereupon the strike collapsed, and on 29th October it was officially declared to be at an end by the Australian Labour Federation. The end of the strike in Brisbane was appropriately marked by a dispute between the Australian United Steam Navigation Company and the non-union labourers who had been taken into its employ, the company attempting unsuccessfully to reduce the overtime rates from 2s. to 1s. 6d. per hour.

At the time the strike was declared there were very few steamers in South Australian ports, and it was some days before there was any disturbance in the labour

market or in trade. At the end of August there was a shortage of coal in Adelaide, and the Gas Company gave notice of its intention to cease the supply of gas between sunrise and sunset. Several smelting works closed down, and at the beginning of September the directors of the Broken Hill mines, finding great difficulty in handling the ores, decided to close their mines on 10th September, but the miners anticipated this action by leaving their work four days earlier. The stoppage at Broken Hill was a matter of much more concern to Adelaide than to Sydney, and there were grave forebodings of the disastrous effect it would have on business in the former city; but fortunately the men returned to work on 25th September, the directors in the interval having arranged for the handling of the ores.

The employers in Adelaide had not at the beginning embittered their relations with the men by employing strike-breakers, and on their part the Labour leaders had refrained from interference with the men employed on or connected with the mail steamers and the local tugs and launches at Port Adelaide; but when, in the middle of September, the Maritime Council called out these men also, and threatened to bring the trade of the country to a standstill, the employers resolved to find non-union labour to carry on their work. It was not possible to find such labour in Port Adelaide itself, but there was little difficulty in obtaining it in Adelaide, and on 26th September a considerable body of non-unionists were brought to the wharves. This was the signal for an outbreak of violence. The Labour leaders had pledged themselves at the beginning of the strike to maintain order, but their efforts, if still continued, were no longer successful. A serious riot occurred at the Port on 29th September. The non-union workers were assaulted and some of them seriously injured. Many were prevented from going to work, and the carters and trolley-drivers had their horses and carts taken from them. On 1st October a deputation of employers saw Bray, the chief secretary, and asked for

adequate protection for the non-unionists. Some additional police were sent to the Port, but before their arrival comparative quiet had been restored, and the unions publicly repudiated the action of the "crowd" in resorting to violence. Meanwhile, a further blow to trade was struck when on 2nd October the men on the coasting steamers gave notice of their intention to cease work. This step savoured more of wantonness than of policy. The stoppage of the steamers plying along the coast would have practically cut off communication between Yorke Peninsula and the rest of the continent, and, while doing little material harm to the employers, might have caused serious inconvenience to the mining community.

The strike was directed from Sydney, and dissatisfaction at its course had, for some time, been felt by the Adelaide Trades and Labour Council. The secretary of that important body wrote to the Sydney Council, saying that there was much discontent in South Australian unionist circles with the methods adopted by the conductors of the strike. A copy of a resolution, adopted by the Adelaide committee of control, in favour of concerted action being taken "to arrange a conference of representatives of both sides in order to formulate a basis of settlement," was also sent. The Council in Adelaide was not without cause wishful for a speedy settlement. By the middle of October there was a large amount of work being done by non-union labour at Port Adelaide, and it was obvious that much more would be done if the contest were prolonged. The unionists were therefore anxious for a conference, but the employers in Adelaide, as elsewhere, seeing that victory was in their hands, would enter into no discussions unless the principle of freedom to employ non-unionists was first conceded.

On 28th October Granger moved in the Assembly that the standing orders be suspended in order to enable him to move "that the House deeply regrets that the Employers' Union does not meet the Trades Unions in an unconditional conference." The Government declared that notice should

have been given, and voted against the motion, which was negatived by four votes in a house of forty-four. This vote was immediately followed by the renewal of rioting at Port Adelaide, and it was rumoured that the Bureau which the employers had opened for the recruiting of "free labour" would be attacked. The Government, however, was determined to preserve order, and sent 300 troops and police to guard the threatened premises ; consequently no serious disturbance occurred. On the following day, 30th October, the Federated Employers of South Australia met and agreed not to reinstate any man who was not prepared to work with non-unionists. On 3rd November the Maritime Labour Council of South Australia wrote to the Employers' Federation informing it "that in consequence of the withdrawal of the Mercantile Marine Officers' Association from the Melbourne Trades Hall Council, thereby removing the ostensible cause of the cessation of work by our members, we are now prepared to resume work on the conditions in force previously." The employers replied at once, saying that trade unionists must agree "to work with non-unionists, and not to coerce or intimidate any one to join the unions." The Maritime Council asked for a conference to discuss the matter, but the employers declared that such a conference would be useless. As it was now clear that the employers were resolute and that considerable supplies of non-union labour could readily be obtained by them, the Working-Men's Association formally agreed on the 10th November to work with non-unionists at Port Adelaide, and three days later the unions generally took a ballot on the question and decided to go back to work on the employers' terms. South Australia was thus the last of the colonies formally to declare the strike at an end.

So far as the maritime workers were concerned the strike resulted in their complete discomfiture. The employers gained freedom to employ non-union labour, wages were reduced, though not to any great extent, and the conditions as to hours of labour, overtime, and the periods

of payment, which the union had enforced and on which it set great store, fell into disuse. New South Wales was the chief sufferer from the strike, as its immediate result was to depress industry of every kind. Employment was reduced and wages lowered; large numbers of men in various occupations were thrown out of work, unskilled labourers especially finding it difficult to obtain employment.

Immediately on the conclusion of the great strike in New South Wales, the Parkes Government appointed a Royal Commission to inquire into and report on the question of strikes, and its report was presented to Parliament on 22nd May 1891. The only practical recommendation of the Commission was that a State Board of conciliation and arbitration should be formed. It was not proposed that reference to it should be compulsory, but it was believed that "such an institution, clothed with the authority of the State, would stand before the public as a mediatory influence, always and immediately available, and public opinion would be adverse to those who, except for very good cause shown, refused to avail themselves of its good offices."

The need of some "mediatory influence" was obvious and pressing. Neither among employers nor employed was there any feeling that the struggle of 1890 was final or even decisive. Both sides began at once to prepare themselves to renew the contest at a favourable opportunity. The employers set themselves to obtain a good supply of "free labour." The shippers continued to use the Free Labour Bureau which they had opened during the strike, and the Pastoralists' Union established Labour offices in Sydney and elsewhere, whence supplies of shearers and station hands could be obtained by its members.

VIII

PRICES

THE most important feature of the period from an economic point of view was the great fall in prices which took place in 1885 and persisted almost unchecked during the succeeding ten years. Taking the whole produce of Australia, there was a fall of about 14 per cent in prices from 1873 to 1877 ; thereafter they remained stable for about eight years, but in 1885 there was a drop of 12 per cent, to a level which was maintained for four years, when there was another rapid decline. The lowest point was reached in 1894, the average of that year being 32 per cent below that of 1886-89, and 47 per cent below that of the opening years of the period.

From 1873 to 1888 the movement in prices, although downward, could hardly be said to have been injurious to the Australian communities, as the decline in the price of the produce of the colonies was accompanied by an equal, if not greater, fall in the price of the imported goods for which they were exchanged ; but after the year last named the prices of the imports did not fall away nearly as rapidly as those of the exports, the decline from 1888 to 1894 being only about 12½ per cent compared with 32 per cent in the exports. A right appreciation of this price movement is necessary, in order to understand the astonishing economic disturbances by which the period was marked.

The following summary illustrates the variation in the price levels of imports and of exports during the twenty-

two years 1873–94, the average of 1873 being taken as 1000 :

| Price Level. | | | Price Level. | | |
|--------------|----------|----------|--------------|----------|----------|
| Year. | Imports. | Exports. | Year. | Imports. | Exports. |
| 1873 . | 1000 | 1000 | 1884 . | 837 | 884 |
| 1874 . | 990 | 991 | 1885 . | 767 | 776 |
| 1875 . | 934 | 987 | 1886 . | 753 | 746 |
| 1876 . | 916 | 935 | 1887 . | 760 | 766 |
| 1877 . | 881 | 858 | 1888 . | 756 | 743 |
| 1878 . | 873 | 854 | 1889 . | 788 | 756 |
| 1879 . | 837 | 887 | 1890 . | 780 | 730 |
| 1880 . | 843 | 871 | 1891 . | 745 | 663 |
| 1881 . | 834 | 864 | 1892 . | 714 | 628 |
| 1882 . | 830 | 892 | 1893 . | 687 | 568 |
| 1883 . | 844 | 892 | 1894 . | 653 | 512 |

In 1873, when the period opened, the price of wool had recovered from the very low rates current during the previous decade and stood at about 15d. per lb., thereafter the average price for greasy wool was :

| Year. | d. | Year. | d. | Year. | d. |
|--------|------------------|--------|------------------|--------|-----------------|
| 1874 . | 16 | 1881 . | 12 $\frac{1}{4}$ | 1888 . | 9 |
| 1875 . | 15 $\frac{1}{2}$ | 1882 . | 12 $\frac{1}{4}$ | 1889 . | 9 $\frac{3}{4}$ |
| 1876 . | 12 $\frac{1}{4}$ | 1883 . | 12 $\frac{1}{4}$ | 1890 . | 9 |
| 1877 . | 12 $\frac{1}{4}$ | 1884 . | 12 $\frac{1}{4}$ | 1891 . | 8 |
| 1878 . | 12 $\frac{1}{4}$ | 1885 . | 10 $\frac{1}{2}$ | 1892 . | 7 $\frac{3}{4}$ |
| 1879 . | 12 $\frac{1}{2}$ | 1886 . | 9 $\frac{1}{4}$ | 1893 . | 7 |
| 1880 . | 12 $\frac{3}{4}$ | 1887 . | 9 $\frac{1}{2}$ | 1894 . | 6 $\frac{1}{2}$ |

During 1874 and 1875 the satisfactory price of 1873 was exceeded, but in 1876 there was a drop to 12 $\frac{1}{4}$ d. per lb., and at or just above this figure the price was maintained for nine years. The lower price was coupled with a great advance in production, the sheep depastured having increased from 46,000,000 in 1873 to 62,000,000 in 1884. A very large amount of capital was put into the wool industry during this period, and station properties advanced very greatly in value. Droughts had been experienced in 1876–77 and 1881–82, but their effects were quite temporary, the squatters rapidly recovering their losses in the good seasons immediately following. But in 1884 there was a drought of a very serious character, which lasted through 1885 and did not cease until the following year.

1610 LABOUR AND INDUSTRY IN AUSTRALIA

To add to the troubles of the pastoralists the price of wool fell in 1885 to 10½d. per lb. and in 1886 there was a still further decline, and, though the average export value for the whole year was 9½d. per lb., in the second series of the London wool sales of 1886 greasy wool realised as little as 6d. per lb. and inferior sorts sold for 3d. to 5d. There was a general recovery of prices as the year advanced, and greasy wool of average quality was sold in London at 10d. per lb. at the concluding sales of 1886. During 1887, 1888, and 1889 prices were about the same as in 1886, but after 1889 they began to fall rapidly, reaching their lowest in 1894, when the average was not more than 6½d. per lb. This immense decline was in a measure compensated for by an increased production, the export of wool in 1894 having been 589,000,000 lbs. as compared with 316,000,000 lbs. in 1866, but working expenses had gone up and the capital embarked in the industry had also been greatly increased during the interval.

The prices of other pastoral produce exported followed much the same course as wool. There was a gradual decline from the opening of the period down to 1884, which, however, was more than compensated for by an increased production ; while after 1884 there was a rapid fall in prices, reaching the lowest point in 1894. Throughout the whole period store cattle grew cheaper every year, and at certain seasons and in some districts were worth not more than 20s. a head ; but fat cattle, as we shall see presently, were alternately cheap or dear as the season was favourable or droughty. The following figures show the course of prices during the period for store bullocks of average quality :

| Year. | £ | s. | Year. | £ | s. | Year. | £ | s. |
|------------|---|----|------------|---|----|------------|---|----|
| 1873 . . . | 7 | 6 | 1880 . . . | 5 | 2 | 1887 . . . | 4 | 7 |
| 1874 . . . | 8 | 6 | 1881 . . . | 4 | 10 | 1888 . . . | 4 | 11 |
| 1875 . . . | 7 | 10 | 1882 . . . | 5 | 0 | 1889 . . . | 4 | 0 |
| 1876 . . . | 7 | 8 | 1883 . . . | 5 | 10 | 1890 . . . | 3 | 12 |
| 1877 . . . | 6 | 11 | 1884 . . . | 5 | 0 | 1891 . . . | 3 | 8 |
| 1878 . . . | 7 | 4 | 1885 . . . | 5 | 7 | 1892 . . . | 3 | 11 |
| 1879 . . . | 6 | 18 | 1886 . . . | 5 | 4 | 1893 . . . | 2 | 10 |

These figures, with those relating to wool, may be taken as sufficiently illustrating the great decline in the value of the products of the pastoral industry, the serious effect of which is discussed elsewhere.

The mining industry showed a general tendency to lower prices, but this disposition was interrupted in the case of copper and tin by violent changes due to the operations of speculators. The production of silver began to have some importance about 1883, when the metal was sold at 4s. 3½d. per ounce. There was a decline to 3s. 5½d. in 1889, with a slight recovery in the following year; after which, in consequence of the closing of the Indian mints to the coinage of silver, prices again rapidly declined, until in 1893 the average was 2s. 11½d. per ounce. The production of tin became of considerable importance to Australia in 1873 when the average price of the metal was £137 per ton, but this almost immediately began to decline, dropping to £66 in 1878. From that year to 1882 there was a steady rise until £105 per ton, on an average, was reached in 1882. This price was not, however, maintained. In 1883 it was £99; in 1884, £85; in 1885, £89; and in 1886, £100. During 1886 tin became the plaything of a ring of speculators, and was rapidly advanced in price from £100 a ton to £168, but the control of the speculators over the market weakened towards the end of 1887, and in January 1888 the price fell to £157; in May it was £80, and in July £76. These last figures were below actual values, the metal rose to £99 towards the end of 1888, and varied between that price and £90 a ton during the ensuing five years. At the beginning of the period Australia was exporting about 10,000 tons of copper annually, the price in 1873 being £94 per ton, but prices began to decline almost immediately, not in any sensational manner but very gradually, until in 1879 copper did not average more than £65, and the price was between that figure and £70 a ton during the next four years. In 1884 the price dropped to £59, in 1885 to £48, and in 1886 to £44. During the early part of 1887, when copper was selling at £44, a combination of specu-

lators entered the market, and before the end of the year the price was raised to £85 per ton ; the ring was strong enough to keep up the price during 1888, and after some fluctuations copper was selling at £99 per ton in September of that year, but fell away later to £77. The speculators now lost control of the market ; the price rapidly fell during 1889 to £47 per ton, and scarcely ever rose above £50 during the remainder of this period. The average price of coal at the pit's mouth in the Newcastle area was 11s. 2d. per ton in 1873 and 12s. 1d. in 1874, and it remained about 12s. until 1879, dropping to 8s. 5d. in 1880 and 6s. 10d. in 1881. In 1882 the price of coal rose to 9s., and remained at that figure or a few pence above it until 1889, after which it again fell away until in 1894 the price was only 6s. 4d.

The most serious difficulty in the position of Australia, arising out of the great fall in prices, was due to the external indebtedness of the country, and the extent to which that indebtedness was augmented during this period. In 1871 the colonies owed external creditors on public and private account 59·6 millions ; in 1881 this had been increased to 96·3 millions, and in 1891 to 257·8 millions, representing annual payments of £3,000,000, £4,600,000, and £11,600,000 respectively. The production of the country expanded from 46·7 millions in 1871 to 71·1 millions in 1881, and 96·1 in 1891 ; deducting from these figures the external payments of the colonies, the balance will represent the amount available for consumption within the colonies or exchangeable for imported goods :

| Year. | Total Production. Million £. | External Payments. Million £. | Balance. Million £. |
|-------|------------------------------------|-------------------------------------|------------------------|
| 1871 | 46·7 | 3·0 | 43·7 |
| 1881 | 71·1 | 4·6 | 66·5 |
| 1891 | 96·1 | 11·6 | 84·5 |
| 1894 | 83·8 | 11·7 | 72·1 |

The balance is equivalent to £25·5 per inhabitant in 1871, £29·3 in 1881, £26·5 in 1891, and £21·2 in 1894. After

1881 there was a serious decline in the balance of production available for consumption or export, the decline being especially great in the concluding years of the period.

The previous discussions will have made clear that this arrest of progress was more seeming than real, and that not only was there a greater volume of production, but, compared with population, relatively more also. This, however, does not alter the fact that the effect of the great fall in prices was to make the burden of the external debt really formidable, and while in 1894 the interest charges actually absorbed 14 per cent of the production of the country, those charges would not have required half that proportion if prices had remained unchanged.

While the prices of the staple products of the country were thus declining, the prices of articles in common use were subject to considerable fluctuations, but in their totals remained fairly stationary. If the average retail prices for these articles during the whole period be taken as 1000, the average for each year was approximately as follows :

| Year. | Average. | Year. | Average. |
|-----------|----------|-----------|----------|
| 1873 . . | 853 | *1884 . . | 1,063 |
| 1874 . . | 1,024 | *1885 . . | 1,058 |
| 1875 . . | 968 | *1886 . . | 1,123 |
| *1876 . . | 1,147 | 1887 . . | 1,025 |
| *1877 . . | 1,061 | 1888 . . | 1,018 |
| 1878 . . | 1,027 | 1889 . . | 944 |
| 1879 . . | 937 | 1890 . . | 1,009 |
| 1880 . . | 894 | 1891 . . | 1,016 |
| 1881 . . | 902 | 1892 . . | 981 |
| *1882 . . | 1,121 | 1893 . . | 956 |
| 1883 . . | 1,060 | 1894 . . | 794 |

The years in the foregoing series marked by an asterisk were drought years in which meat was unusually dear, but including these the difference between the years of highest and lowest prices ranged from 14·7 per cent above in 1876 to 20·6 per cent below in 1894.

During this period the prices of articles of common consumption varied in the different colonies, as they did

during previous periods, owing to exceptional local causes, tariff restrictions, and imperfect means of communication. These variations were much less than formerly, and were not of such extent as to make it necessary to trace the course of prices in each individual colony. In the following general statements the prices given are those paid by the larger part of the population, for their day to day requirements, and approximate closely to the average prices paid by the whole community.

In 1879 Australia as a whole became self-supporting in bread-stuffs, although it was not until a very much later period that every colony grew sufficient wheat for its own requirements. From 1879, therefore, the price of wheat in Australia was governed by that of the great markets of the world, except when a narrow export margin enabled the millers and wheat speculators to corner the market and advance prices to a point nearly equal to the import price, including duty in the colonies where a duty was imposed.

At the close of 1872 flour was sold in Melbourne, Adelaide, and Sydney at £17 per ton, and the quartern loaf at 8d. In Brisbane the price of the loaf was 9d., in Hobart 9d. to 10d., and in Perth 10d., and throughout the whole period bread sold in these cities at from 10 to 20 per cent above what was usually paid in Melbourne; in the following pages this must be understood, as the bread prices given refer to Melbourne, Sydney, and Adelaide.

In January 1873 the price of flour dropped to £15 a ton, and later to £13, at which it remained until the end of April, when the greater part of the grain stocks was in the hands of the dealers, who were thus able to put up the price to £14 : 5s. in May and £15 in June. This continued to be the price until, on the approach of harvest, it began to fall, and in December ordinary flour was sold at £13 a ton and superior flour at £13 : 10s. In Sydney beef averaged 3d. per lb. retail during the whole year, being somewhat above the average in November and

December ; mutton was sold at 2½d. per lb. In Brisbane meat prices were about the same as in Sydney. In Melbourne and Adelaide beef was retailed during the first five months at 4d. to 8d. per lb. according to the cut, at 3d. to 7½d. from June to September, and at 4d. to 6d. during the remainder of the year ; mutton sold at 3d. to 6d. per lb. throughout the year and pork at 7d. to 10d.

Coal was not largely used in any of the colonies for household purposes, and owing to the strike at Newcastle it was very high-priced during the greater part of the year 1873. In Sydney the ordinary price was 20s. to 22s. per ton, but it rose during the strike to 40s. to 45s. In Melbourne and Adelaide at the beginning of March the ordinary price was 47s. 6d. to 50s. per ton, coke being 50s. At such prices very little was used for household purposes, as wood, cut in billets, was obtainable wholesale at 10s. 6d. to 12s. 6d. per ton, or retail delivered at 1s. to 1s. 3d. per cwt. An attempt was made in Victoria to develop a trade in coal with Tasmania, but the supply was neither so large nor so good as that obtainable under ordinary conditions from New South Wales. Even when the miners had returned to work at Newcastle, prices did not readily adjust themselves to their former level. At the end of 1873 coal in Melbourne was sold at 35s. to 37s. 6d. per ton, and it was not until the end of 1874 that prices dropped to 29s. for ordinary and 32s. for best coal, at which they stood before the strike.

During 1874 the prices of the staple articles of food remained very steady. Flour was from £13 to £13 : 15s. per ton during almost the whole year, the highest price being £14 : 10s., which held only for a short time in July. Meat was about the same price as in 1873 ; for the greater part of the year beef varied from 4d. to 9d. per lb., according to the quality, and mutton from 3½d. to 6½d. ; beef declined to 3½d. to 8d. in December, and mutton to 1½d. to 5d. For an ordinary working-class family the average for the year was about 4½d. per lb. for beef and 3½d. for mutton.

In 1875 meat prices were a little higher, beef selling at 4d. to 9d. per lb. during the whole year and mutton at 2d. to 5d. These comparatively high prices put a stop to the meat-preserving industry, which had been carried on with vigour during 1871 and the two following years. Victoria had used up its surplus supplies of live stock, and was for the time being dependent on its neighbours for store sheep and cattle. Flour was low in price and very steady ; during the first nine months of the year it sold for £11 to £12 per ton, but in anticipation of a small harvest the price advanced in October to £12 for ordinary flour and £14 for superfine, and remained at these prices until the close of the year. Bread was sold at 6d. the quartern loaf until October, when, following the rise in flour, the price was increased to 6½d. and afterwards to 7d. Butter, though not so cheap as in the preceding year, was fairly low in price, ordinary butter being sold at 1s. per lb. in February and March and at 8d. during the rest of the year ; best butter at 1s. 8d. per lb. in February and March and 1s. during the remainder of the year. Milk was 6d. per quart during the early months of 1875 and 4d. thereafter. Vegetables were beginning to be grown in great profusion in the vicinity of Melbourne, and were cheap and good ; potatoes especially were plentiful, and were retailed at 3s. 6d. to 4s. per cwt. At the other capitals vegetables were dearer, but during the period the growing of green vegetables was largely developed in their vicinity by the Chinese, and they became much more plentiful and considerably cheaper.

The course of prices in 1876 was very similar to that of 1875 ; in January ordinary flour was sold at £12 per ton and superfine at £14 ; these prices held until July, when ordinary flour was increased to £13 a ton, advancing again to £14 : 5s. in October, at which price it remained until the year closed, superfine flour being about £2 a ton dearer.

Victoria had now reached the point where the local meat production was not equal to the demand, and the

colony was importing both cattle and sheep in considerable numbers. Meat was increasing in price; in 1876 beef ranged from 4d. to 9d. per lb., and mutton from 3½d. to 6½d. Butter was sold at 1s. per lb. except in May, June, and July, when the price was 1s. 8d. to 2s. The ordinary price of milk in Melbourne was 4d. per quart in working-class localities, rising to 6d. in other places. The price of 4d. per quart had become firmly established, and the quality of the milk was adjusted to meet the price; in these circumstances it is not surprising that official investigation showed that the milk supply was bad, and the dearer milk proved on analysis to be no better than the cheaper variety. The condition of the milk supply was not very different in the other cities.

Owing to the absence of rain during the later months of 1876 there was a considerable shortage of grass, and stockholders hurried their stock to market. There was immediately a sharp fall in the price of fat stock, and early in 1877 beef was sold in the retail butchers' shops of Melbourne at 3d. to 8d. per lb., pork at 8d. to 9d., and mutton at 1½d. to 4d. This was a drop of 1d. per lb. in beef and 2d. per lb. in mutton from the prices of the previous year. Later in the year prices rose, and when the rain came, although it saved the cattle, it did not make meat cheaper, and comparatively high prices continued. At the end of 1877 beef was retailed in Sydney at 4d. to 7d. and mutton at 3d. to 5d. per lb. according to the joint purchased, but by June 1878 prices had fallen again to 3d. to 6d. for beef and 2d. to 4d. for mutton, and at the close of the year the normally low average price of 2½d. per lb. was again current. In the other cities the course of meat prices was similar to that in Sydney.

Dairy produce of all kinds was very dear during the greater part of the year 1877, and butter was sold at 1s. 8d. per lb. at a season of the year when the ordinary price was 1s. The crops of Victoria and South Australia were below the average, but not to such an extent as to cause a real scarcity. The leading millers, taking advantage

of the position, cornered the market and raised the price of flour by £2 per ton to £16 : 5s. At that price it remained until September 1877, when the assurance of a good season made the millers desirous of realizing stocks in hand, and the price dropped to £15 per ton, then to £13, and in November, when some new wheat began to appear, to £11 : 10s. Bread was dear during the first nine months of the year, the quarten loaf selling at 8d. or $8\frac{1}{2}$ d.; after September it was cheaper, but did not fall below 7d. until the complete break-up of the drought and the delivery of the new season's wheat brought the price down to 6d.

During 1878 the price of bread remained at 6d. per quarten; dairy produce of all kinds was abundant, and the price of butter was about one-fourth less than in the previous year.

Throughout the whole of 1879 all the main articles of food were low in price. Flour was sold at £12 per ton, and the 4-lb. loaf at 6d., until October, when, owing to some uncertainty regarding the harvest, the millers advanced the price of flour to £13 per ton, and the loaf was raised to $6\frac{1}{2}$ d. The harvest of 1879–80 turned out to be excellent, and early in 1880 flour was sold at £10 per ton and bread at $5\frac{1}{2}$ d., while later in the year the prices fell to £9 : 15s. and 5d. Dairy produce of all kinds was slightly cheaper than in 1878, the average price in Melbourne of butter being about 10d. and of cheese 5d. per lb. Mutton remained at $1\frac{1}{2}$ d. to 4d., and beef fell to $1\frac{1}{2}$ d. to $5\frac{1}{2}$ d. per lb.

The price of meat remained low during 1880, and fat stock were sold in Sydney at 9s. per 100 lbs. There was such a plethora of meat that it seemed likely the squatters would have to content themselves with even lower prices, and it was therefore with much relief that they heard of the success of the trial shipment of frozen meat sent to England early in the year. It was anticipated that the trade would grow rapidly, and that prices satisfactory to the producers would be obtained for the meat

locally consumed. The trade, however, grew very slowly and scarcely affected prices; but what the export could not do was accomplished by the failure of the rain, although without benefit to the pastoralists. Other prices remained practically the same as they were in the preceding year. There was considerable export of flour during 1880, which, with the inferior harvest of 1880-81, brought about a slight rise in prices. In June 1881 flour was selling at £12 : 10s. per ton and the quatern loaf at 6d. Dairy produce continued low in price, butter averaging about 10d. per lb. for the whole year. The dry season very greatly affected the price of meat; the difficulty in fattening the stock, especially cattle, made fat stock very scarce, and in the Sydney markets cattle were sold at 19s. per 100 lbs., which was double the price obtained in the previous season.

In 1882 there was a recurrence of drought; this brought about a considerable increase in meat prices. In Melbourne, in January 1882, beef was selling at 2d. to 6d. per lb., and mutton at 1½d. to 4d.; in August prices rose to 4d. to 8d. and 3d. to 5d. In Sydney prices were also higher, the average price of beef in the retail shops being 4½d. and of mutton 3d. per lb. Owing to the shortage of feed for milking stock, butter was very dear throughout the year, being never less than 1s. 3d., and touching 2s. 6d. per lb. in the autumn and winter. Flour was sold at £12 : 10s. per ton in the first half of the year, but the supply was again cornered by speculators, and the price forced up to £14 : 12 : 6 in August. At this it remained until the new crop began to come in, when it dropped to £13 : 10s. The price of the quatern loaf was increased to 6½d. in April and 7d. in August, but in November it had fallen to 6d. Some wheat was imported into New South Wales from San Francisco in May, which prevented the considerable rise in price that appeared inevitable, and in September the importations from New Zealand again checked prices until the new season's wheat came in. During a part of the year a strike at Newcastle brought about a decided

advance in coal prices. In June household coal was sold in Melbourne at 30s. to 40s. instead of the previous price of 28s. per ton, and, as usually happened, several months elapsed after the strike closed before prices again became normal. In Sydney the price rose to 30s. a ton.

Prices in 1883 showed no great range of variation. Flour averaged about £10 : 5s. per ton for the whole year, and bread was 6d. to 6½d. the quartern in Melbourne and Adelaide, 7d. in Sydney, and 7½d. in Brisbane. Meat was a little dearer in Melbourne than in 1882, as the stock-tax was now in full operation and the season was not favourable to the preparation of stock for the market; beef ranged in price from 4½d. to 8½d. per lb., according to the cut; mutton 3½d. to 5½d., and pork 8d. as compared with 7d. in the previous year. In Sydney beef and mutton were about 1d. per lb. cheaper than in Melbourne, and in Brisbane were even cheaper. Butter was sold during the greater part of the year at 1s. to 1s. 3d. per lb.; Victoria was now exporting a little butter, and prices were being determined by the demands of external markets rather than by local considerations. In October 1883 it was apparent that after the approaching harvest there would be a large surplus of wheat for export, and prices began to adjust themselves to a lower level. In April 1884 flour was selling at £8 : 14s. per ton and bread at 5d. per quartern in all the principal cities, and these prices remained practically unaltered during the rest of the year.

Throughout the greater part of Australia the year 1884 was one of drought, but Victoria was much less affected than its neighbours as rain came in time to save the cereal crops, except in the north-eastern districts, and the harvest, though it was short of the great crop of the preceding year, was large enough to allow of a considerable export. The wheat crop of Australia as a whole was now too large to be greatly affected by the operations of local speculators, and the price of grain was determined by that of the outside

markets. Notwithstanding the smaller crop the price of flour during 1885 was lower than in the previous year, good qualities selling in Melbourne at £8 : 10s. per ton, wheat at 3s. 4d. per bushel, and the 4-lb. loaf at 5d. The drought conditions prevailing throughout the greater part of Australia, especially in New South Wales, prevented graziers getting their stock into a marketable state, and meat at once became comparatively dear, beef being retailed at from 4d. to 8d. per lb. and pork from 7d. to 9d.

The harvest of 1885-86 was defective throughout the whole of Australia, and some grain had to be imported to meet the requirements of the country. The Victorian wheat harvest, though averaging not more than 9 bushels to the acre, exceeded the requirements of the colony. The farmers reaped the advantage of the shortage elsewhere, and the price obtained, 3s. 10d. per bushel, compensated them for the smallness of the yield. Taking the year 1886 as a whole, the Melbourne price for wheat was 4s. 7½d. per bushel, flour £9 : 7 : 6 per ton, and the quartern loaf 5½d. Beef was sold in January 1886 at 4d. to 9d. per lb., mutton 2½d. to 5d., and pork 7d. The great drought broke up towards the middle of the year, and in districts where in 1884 and 1885 the ground had been "as bare as a paved road and as dry as a desert," luxuriant grass and herbage were to be seen, and stock of all kinds were in a splendid condition. In August 1886 the price of beef fell to 2½d. to 7d., of mutton to 2d. to 4d., and of pork to 6d. Butter was very high in price during the greater part of 1886, and was retailed at an average for the whole year of 1s. 9d. per lb., which was twice the usual price.

The harvest at the close of 1886 was very good throughout Australia, but for some little time there was uncertainty as to the quantity that would be available for export, and in spite of the evident abundance of wheat, prices did not fall to any appreciable extent. From January to May 1887 wheat sold at prices ranging from 3s. 10½d. to 4s. per bushel, and flour at £9 : 5s. per ton; later, prices fell away

to 3s. 4d. for wheat, and £7 : 12 : 6 for flour, but an over-exportation at these prices left a bare market in the hands of the millers, who were thus able to put up the price of grain to 3s. 10d. and of flour to £8 : 15s.

The harvest of 1887 was very fine in all the wheat-growing colonies, the Australian surplus being estimated at 11,000,000 bushels, and for the first seven months of 1888 the price of wheat varied from 3s. 3d. to 3s. 5d. a bushel. In August there was a sharp rise of prices in Europe, and those in Australia at once moved up, so that in September wheat sold at 4s. 4½d. per bushel and in December at 5s. 5½d. During the year, however, there was a return of droughty weather, which was general throughout New South Wales and Queensland, Victoria and South Australia also suffering severely. From large tracts of land the grass again disappeared, and although the actual decrease in the numbers of stock depastured was not serious, the shortage of food prevented the stock being brought into a marketable condition, deteriorated the wool, and greatly curtailed the income of the graziers and farmers. In December there was an abundant rainfall which, although it was too late to save the harvest, greatly benefited the stock-owners, improving the grass and reducing the price of provender. Oaten hay had been selling at £10 per ton, which was about £6 : 10s. above the ordinary price in a fair year, and other fodder stuffs were of corresponding prices.

The harvest at the close of 1888 was greatly below that of the previous year and the requirements of the country, so that grain had to be imported. Taking the year 1889 as a whole, the average price of wheat was 4s. 7½d. per bushel, flour selling at £11 : 17 : 6 per ton, and the quartern loaf at 6½d. In Melbourne beef was retailed at 4d. to 9d. per lb. and mutton at 2½d. to 5d., as compared with 2½d. to 7d. for beef and 2d. to 4d. for mutton in 1888. In Adelaide meat was about the same price as in Melbourne, but in Sydney and Brisbane it was perhaps ½d. to 1d. per lb. cheaper for beef and ½d. per lb. for mutton.

Throughout the greater part of 1888 butter had been scarce and dear, varying in price between 2s. and 3s. per lb. wholesale; in January 1889, in consequence of the rain, the price fell to 1s. 5d., but this was still very high, as the ordinary wholesale price in a good season was not more than 8d. During 1889 the average retail price of butter was 1s. 7d. per lb., being as high as 2s. 4d. in April but falling to 1s. in November and December. Potatoes were retailed during 1889 at an average of 9s. per cwt., which was higher than during any other year of the period. In January the price was 19s. per cwt., dropping down in easy stages to 5s. 6d. in December; while onions, which averaged 30s. per cwt. for the whole year, were retailed at 50s. per cwt. in October and 8s. 6d. in December. Other sorts of farm produce, however, were not dear, as plentiful supplies were introduced from outside: maize was 3s. to 3s. 6d. per bushel; oats were so much over-supplied that the price fell at one time to 1s. 6d. per bushel; and oaten hay, which at the beginning of the year sold at 6s. to 10s. per cwt. according to the locality, fell to 3s. 6d. to 6s. The season 1889-90 was excellent everywhere in Australia. There was a large surplus, and early in 1890 wheat for export fell to 4s. 3d. per bushel, with flour at £8 : 10s. per ton, and the quartern loaf at 5d. to 5½d.

In August 1890 the maritime strike began, and for a time caused very great inconvenience to trade and an advance in the retail prices of many commodities, especially those that were water-borne. For a few weeks the prices of all imported goods rose to extraordinary heights, but it can hardly be said that the community at large suffered any great inconvenience on that account. More serious was the restriction of the coal supplies. During September coal was almost un procurable, and at the beginning of October, when the strike was virtually at an end, coal could not be obtained except at prices ranging from £2 : 15s. to £3 per ton; the price of gas was temporarily raised in Melbourne to 11s. 3d. per thousand feet. With the termination of the strike prices dropped

back to their former level, and, taking 1890 as a whole, these were generally lower than in the preceding year.

Industrial conditions continued to be very unsettled during 1891, 1892, and 1893; in spite of, even partly owing to this, prices generally trended downwards. The harvest of 1890 was abundant, and in both Victoria and South Australia there was a considerable surplus from the preceding year. The price of wheat consequently fell, and grain was sold in Melbourne during the first three months of 1891 at from 3s. 4d. to 3s. 11d. per bushel, but in April, when it became known that there was a shortage of bread-stuffs in Europe, the price at once rose to 4s. 11d., at which figure it remained until September, when there was a further advance to 5s. 5½d. per bushel.

The imports from the United Kingdom continued during 1891 on much the same scale as in the two previous years, but the importers had miscalculated their market, and during the year the depression which had been creeping over the colonies since 1889 began to show signs of becoming oppressive, especially in Melbourne. There was no demand for the large stocks of imported goods that had accumulated; economy instead of extravagance became the universal rule. The season was excellent, and the price of all kinds of agricultural produce was comparatively low. The farmers, however, were not now dependent on grain alone; dairy farming showed considerable progress, and was greatly assisted by the development of the export trade, and the year passed off without any serious economic disturbance. The season continued very favourable during 1892, but the purchasing power of the community was greatly reduced, and the imports for home consumption were lower than for ten years. Food prices were universally low; bread was sold at 5½d. the quartern loaf; meat of all kinds was cheap, and the consumption fell off very much, an economy which could be practised without hardship, as the ordinary consumption was very liberal. The large stocks of imported goods

accumulated during 1891 were not entirely disposed of during the early months of the following year, and merchants were glad to realize what they could at very moderate profits.

The year 1893 was marked by very low prices, especially of agricultural produce, a fact which, though it contributed in many ways to the general depression, was a great boon to the impoverished people. The harvest was larger than in any preceding year, except 1883, and prices were adjusted to a low scale; the average price of wheat at the seaboard during the year was 2s. 9d., the lowest price current for many years. Bread was sold at 4½d. the quartern, and meat of all kinds was very cheap; in Melbourne beef ranged in price from 3d. to 6d., mutton was from 2d. to 3¾d., pork was 5½d., prices almost unparalleled in cheapness during the history of the colony; in Sydney and Brisbane meat prices were even lower than these.

Although a stretch of twenty years is included in this period, there were no important variations in the prices of household commodities except such as were due to seasonal causes, to which some reference has already been made. The isolation of the colonies was completely removed by the establishing of telegraphic communication with the rest of the world towards the close of 1872; thereafter it was no longer possible for the failure of the harvest or the reduction of stocks to cause any class of produce to be advanced to famine prices, as the stocks of nearly all commodities could be replenished by telegraphic order.

So far this chapter has been concerned mainly with meat, butter, and bread-stuffs, but the prices of other articles of diet or necessity were not without their interesting features. The retail price of cheese from 1873 to 1880 varied between 6d. and 7½d. per lb., from 1881 to 1886 the ordinary price was 8½d., from 1887 to 1891, 10d. to 1s., falling away in 1892 to 9½d. and in 1893 to 7½d. From 1880 onwards milk scarcely varied in price from 5d. per quart;

bacon was usually 10d. per lb., occasionally a little lower, and in 1890 and 1891 it rose to 1s. per lb. Potatoes were a staple crop in Victoria and Tasmania, but in few years could they be considered cheap. The ruling prices in the chief cities from 1873 to 1877 were from 3s. 6d. to 4s. 9d. per cwt.; from 1878 to 1883, 5s. 6d.; from 1884 to 1887 the prices ranged between 4s. and 4s. 9d.; in 1888 the average was 9s.; in 1889, 10s. 6d.; in 1890, 6s. 3d., dropping to 3s. 6d. and 3s. 9d. in 1891 and 1892, and 5s. 9d. in 1893. The retail price of sugar from 1873 to 1880 was 4d. per lb. for moist sugar of rather common quality and with a yellowish tinge; in 1881 and 1882 this commodity sold at 4½d. per lb.; from 1883 to 1890 the price was usually 3½d. per lb.—in some years a little more was charged, and in others a little less; in the three years 1891–93 the ruling price was 2½d. During the latter part of the period the quality of the sugar found on the tables of the people was greatly improved, the great reduction in price notwithstanding. Fresh eggs were sold at from 1s. 6d. to 1s. 9d. per dozen, the higher price being more common than the lower; in two years only, 1876 and 1893, did the price fall below 1s. 6d. The tea consumed in Australia is of good quality, and the price during the first half of the period varied very little, being ordinarily 1s. 6d. per lb., dropping in 1883 to 1s. 3d., at which it remained until the close of the period. Coffee is not commonly used in Australia, the annual consumption being not more than 6 oz. per inhabitant; the price up to 1886 was usually 9d. per lb., but this was for a mixture of coffee and chicory; in 1887 the average price was 11d., and towards the end of the period from 1s. to 1s. 1d. per lb.

House rents were an exception in the general course of prices. They rose rapidly at the beginning of the period, and were increased during the progress of the boom, remaining high until the failure of the building societies and the bank crisis introduced a new standard of values. In 1873 a four-roomed house in the city of Sydney would

usually let at 10s. per week, and in the nearer suburbs at 8s. ; where there was a kitchen as well, the rent asked was generally 2s. a week more. Rents were raised in the succeeding years, and in 1876 a four-roomed house, such as a mechanic would live in, usually brought in 14s. a week, and with a kitchen and some conveniences as much as 18s. Communication with the suburbs of Sydney was by no means good, but some of the suburbs were fairly accessible, and in these the rent of a four-roomed house or cottage was about 12s. ; in less accessible places the rent was between 8s. and 12s. From 1876 onwards rents remained fairly steady, but there was considerable improvement in the construction and fitting of workmen's dwellings, and better value was given for the rent paid. Water was laid on in one suburb after another, and the sewerage system gradually extended. Many of the newer houses were built with bathrooms, but for these better-class houses, with kitchen and bathroom, from 18s. to 20s. a week was demanded. Owners of house property usually expected a return of from 7 to 10 per cent free of outgoings ; it was on this basis that rents were fixed by them, and such was the shortage of houses in Sydney that, until about 1891, owners had no difficulty in obtaining the rents they demanded. During 1891 there was a decided fall in land values, rents declined about 25 per cent, and where 3s. 6d. per room was obtained in 1889, the rent in 1891 was 2s. 8d. Even this was further reduced in 1894.

In 1873 house rents in the working-class districts of Melbourne ranged from 8s. to 10s. per week for four-room dwellings, and from 10s. to 12s. 6d. for those with five rooms including the kitchen ; in the more remote suburbs and the country towns rents were usually lower, and 9s. per week was the average charge for a five-room cottage. There was no great increase in population between 1873 and 1881, and rents were not substantially changed in the interval. Between 1881 and 1891 the population of Melbourne and its suburbs increased from 283,000 to

491,000 ; although there was a vast amount of building during these ten years, rents advanced very considerably, and the charge for ordinary houses of four to five rooms rose rapidly, 12s. to 15s. per week being the usual charge, and 20s. where better accommodation was provided. Toward the middle of 1892 rents began to fall, and continued to do so for several years, touching their lowest point in 1897, when the weekly rent of a dwelling suitable for a mechanic and his family was about 8s. or 10s. The reduction in the rents of houses of a better class was proportionately still greater, and there was a vast number of vacant houses in all the suburbs of Melbourne. The official returns of rateable properties in the cities, towns, and boroughs of Victoria in 1891 gave £7,141,000 as their annual value ; the effect of the bank crisis was to reduce this very materially, and when business conditions had again settled down four years later, the annual value of the same properties was assessed at £4,769,000, and rents were adjusted to the new basis.

Compared with what was paid in the other colonies, rents were low in Tasmania during the whole of this period. In 1873 small cottages in Hobart with three rooms were usually let at a weekly rent of 3s. 6d. to 4s., cottages of the same size with good gardens at 5s. to 7s., houses with four rooms cost 6s. to 8s., and those with five rooms about 10s. Rents rose slightly during the next ten years, and in 1882 three-roomed cottages were let at a rent of 4s. to 6s., according to situation and condition ; houses with four or five rooms at 10s. to 12s., with an additional 2s. 6d. per week when the gardens attached were an important adjunct to the property.

In Launceston at this time rents were higher, but the dwellings as a rule were also superior, and the old tumble-down tenements of Hobart, where the poorest of the population existed, had no counterpart in the northern town.

From 1881 to 1891 a good deal of house-building was

done both in Hobart and Launceston, and the number of dwellings in the island was increased from about 23,000 to 29,000. Nor do these figures indicate the full extent of the improvement, as properly built cottages had replaced many of the hovels and huts of an earlier time. In 1891 three-roomed cottages with yards but not gardens brought 3s. 6d. to 7s. 6d. per week in Hobart and rather more in Launceston ; those with four or five rooms 8s. to 14s. At the census, R. M. Johnston reported that about 82 per cent of the dwellings in the island had not more than six rooms, and that about the same proportion had a rental of less than 10s. per week. It may therefore be concluded that no member of the working class paid more than 10s. per week for his home, and in the towns no one paid less than 3s. 6d. Therefore, as wages of town workers usually ranged from 5s. a day for unskilled labour to 10s. for mechanics, the rent paid by the working classes absorbed about 12 to 17 per cent of their wages.

There was much improvement in the sanitary condition of Hobart during this period ; the new houses were structurally better than those they replaced, and the result is very noticeable in the lower mortality rates, especially of young children. On the mining fields a good deal was done to improve the housing of the miners, but naturally the permanence of a field had first to be demonstrated before money would be laid out in the erection of permanent buildings. In 1891 there were more than 1700 one-roomed huts and tents used as dwellings, the greater number being in the mining area.

Until 1891 rents in Adelaide and Brisbane were lower than in either Sydney or Melbourne for the same accommodation ; in 1892 and subsequent years they were above those of Melbourne, but the differences at any time were not so noticeable as to call for special comment.

The usual charge made for boarding and lodging single men of the working classes in the principal cities of Australia was, in 1872, about 16s. per week ; in 1874 the charge was 18s., but inferior quarters could be had for 16s.

• 1630 LABOUR AND INDUSTRY IN AUSTRALIA

or even less. There was no change in the rates for several years, but in 1881 board and lodging could not be obtained at less than 21s. per week, unless of a rather rough character, and these higher charges prevailed until about 1891, when the ordinary rate was reduced to 18s., and in 1893 the newspapers contained advertisements intimating that good board and residence could be had for 15s. per week.

During the whole of this period Western Australia was dependent on outside sources for the supply of a large portion of its food requirements. Most of these came to the colony by way of Adelaide, and the carriage from that port was an appreciable item in their cost. Some articles were subject to duties not levied, or if levied, not operative in the other colonies, and the combined effect of the remoteness of the colony and the import duties made prices in Western Australia much higher during this period than in the eastern colonies ; in 1873 this excess was roughly about 50 per cent. In 1876 a commission recommended a lowering of the duties on food-stuffs such as corn, flour, meals, salt meat, butter, tea, and sugar, but the necessities of the public revenue overbore other considerations and the duties were retained. At the time the commission reported, wheat was sold in Perth at 6s. a bushel, the Adelaide price being 5s. ; ordinary flour was £15 to £17 a ton in Perth and from £12 to £14 in Adelaide, the price of bread corresponding generally to these figures. There was no importation of cattle or sheep into Western Australia for slaughtering purposes, but fairly large quantities of salt meat were brought in from Melbourne and Adelaide. Mutton sold in Perth at 7d. or 8d. per lb., and beef at 8d. to 10d. per lb., according to the cut ; these prices were about 50 per cent above those of Melbourne and nearly twice those paid in Sydney. The high price of meat led at various times to an agitation against the middlemen, and a co-operative society was planned to defeat them and bring down prices to the level of those in the eastern states. Neither the agitation nor the

co-operative society, however, came to anything. The high prices were not due to extortion ; the butchers did not seem to grow rich, and it was ultimately recognized that, until the difficulties of conveying stock to market could be overcome and proper storage provided for dead meat, prices would remain high.

There is hardly occasion to trace the course of prices during the remaining years of this period ; a few comparisons of prices in Western Australia and elsewhere in Australia, taken at intervals of five years, will show that the conditions at the beginning were not altered much in favour of Western Australia as time wore on. In March 1882 flour was sold in Perth at £16, rising to £17 in April and £18 : 7 : 6 in October ; in Adelaide better-quality flour was sold at £12 : 10s. a ton for the greater part of 1882, and in October of that year it was sold at £14 : 12 : 6. Potatoes were sold wholesale in Perth at £8 a ton in 1882, when throughout the eastern colonies the price was about £4 : 15s. ; in Perth beef was sold at 5d. to 9d. per lb. retail, and mutton at 4d. to 7d., while the average price in the East was 5d. per lb. for beef and 3½d. for mutton. Five years later, the highest price obtained for flour in Adelaide was £9 : 5s. a ton and the average for the whole year, 1887, was £8 : 10s. ; in Perth the average price was £15 a ton, but the season was bad and prices were forced up by the traders ; potatoes were sold wholesale at £7 a ton in Adelaide, and even less in Hobart and Melbourne, while the Perth price was £9 ; beef was sold in Adelaide during 1887 at 3½d. to 6½d. per lb., and mutton from 2½d. to 4½d. ; in Perth the prices were 5d. to 9d., and 4d. to 7d. In 1892 communication with the East and with Europe had greatly improved, and there was a closer approach in prices between the East and the West. The following statement shows the prices in Sydney and in Perth for like qualities of the goods in the year named. The duties in Western Australia were not at the time very different from those levied in New South Wales.

| | At Sydney. | At Perth. |
|-------------------------|---------------|---------------|
| | £ s. d. | £ s. d. |
| Wheat, per bushel . | 0 4 9 | 0 5 10 |
| Flour per ton . | 10 15 0 | 14 10 0 |
| Oats, per bushel . | 0 2 8 | 0 3 8 |
| Potatoes, per cwt. . | 0 5 6 | 0 7 6 |
| Sugar, per cwt. . | 1 0 0 | 1 6 6 |
| Bacon, per lb., retail | 0 0 9 | 0 0 11 |
| Butter, per lb., retail | 0 0 10½ | 0 1 1 |
| Cheese, per lb., retail | 0 0 8 | 0 1 1 |
| Tea, per lb., retail . | 0 1 0 upwards | 0 1 4 upwards |

IX

THE FINANCIAL DEVELOPMENTS OF THE PERIOD AND THE CRISIS OF 1893

THERE was a legend diligently circulated during the reconstruction period which followed the failure of the banks in 1893, that the disasters of the time were due to the crass stupidity of British depositors, who, without any real justification, withdrew their confidence from the great financial institutions of Australia ; and that this withdrawal of confidence received its original impetus from the labour disputes and social unrest which afflicted all the eastern colonies from the year 1884 onward. That there were fierce labour disputes and much social unrest during the period mentioned will be seen from the chapters devoted to labour and industry, but it will also be discovered that this unrest and these disputes were merely symptoms of a disease with which the whole industrial and financial life of Australia was then afflicted. A study of the financial history of Australia from 1872 to 1893 shows that the causes of the crisis were deeply rooted in the events of the middle part of the period, which produced a thoroughly unsound condition of business and did much to justify the distrust and panic which culminated in 1893.

The development of the country had proceeded very slowly from the close of the gold period until 1873, and in the case of some colonies until even later, but was then materially hastened owing to the expenditure of money obtained in Great Britain by the various Governments and

by private capitalists. This fertilizing stream affected all industries ; business became everywhere brisk, and new ideas as to the future of the country began to be entertained.

The Australian colonies experienced from the early 'seventies until 1884 what on the whole was a spell of genuine prosperity, broken only in 1879-80 by the occurrence of a severe drought. Employment was good and the cost of living fell steadily, so that the working population saw the purchasing power of their wages increasing, while those wages were steadily rising.

The various Governments, whose indebtedness at the end of 1871 was only about £30,000,000, borrowed nearly £36,000,000 during the next ten years. Generally speaking, the money was well applied ; most of it was devoted to railway construction, and the railways were so worked as to pay not only their running expenses but almost all the interest charges on the capital cost of their construction, while they added to the general prosperity by opening up the country and facilitating commerce. Coincident with this expansion of the borrowing policy of the Australian Governments there was a marked improvement in their credit with British capitalists, and this favour was extended by degrees to private investments also, so that, mainly through the medium of pastoral land and mortgage companies, a considerable amount of English money was invested in Australian enterprises. From 1871 to 1880 the amount thus invested was about £11,000,000. The money was employed very largely in the pastoral industry, and helped in effecting improvements, such as fencing, storage of water, clearing, and the like, which were undertaken to a notable extent during those years.

During the same period a great expansion took place in banking. The deposits in the Australian banks rose from £25,000,000 in 1871 to £61,500,000 in 1881, and the advances, in the same time, from £27,000,000 to £58,000,000, which shows that there was a genuine increase of prosperity during the first ten years of this period, and that the financial expansion kept pace with the expansion of

industry and commerce. But, in the ten years which followed, a very different state of affairs arose. The mild and beneficial stream of capital flowing into the country up to 1880 was changed to a flood during the five years 1881–85, when, as will be seen elsewhere, £69,000,000 reached Australia, and to a deluge in 1886–90, when the sum introduced overpassed £100,000,000.

The various Governments during these ten years jostled one another in the London market in their anxiety to get money. Though it cannot be said that they wasted the money when it was obtained, their lavish expenditure helped very materially in maintaining artificial conditions of employment, and when it ceased made the reaction more severe. From 1881 to 1891 the Australian Governments borrowed rather more than £100,000,000, and during the same period the private investments of British money in Australia amounted to about £82,000,000. Some of the Government borrowing was undertaken to redeem expiring loans, but the major part, about £89,000,000, constituted new obligations, and was used with less regard to the interest-bearing character of the works on which it was expended than the money obtained in previous years. It is true the money was still applied principally to the construction of railways, but the construction was more costly, and the lines when completed were in many cases unremunerative. The interest upon the loans thus became, to a considerable extent, a burden upon the general revenue, and, in 1890, 42 per cent of the interest due upon the Government loans had to be met out of taxation.

The profuse Governmental expenditure in certain years had undoubtedly some effect in hindering production, but this was not its general effect, and in several years, notably in 1885 and 1886, it tided the colonies over what might otherwise have been a period of acute depression. In short, the expenditure of the Governments counteracted, so far as the working classes were concerned, the effect of the great drop in prices, which all the important producing interests felt as far back as 1881, and most acutely after

the great drought which affected the whole country three or four years later. The expenditure of the various Governments was the main cause of the rise in wages, and helped to sustain them after the other causes had ceased to operate. Up to the year 1881 most of the private capital brought to Australia was used in or in sustaining productive enterprises, but after that year the inflow was much in excess of what could be properly assimilated in that way; and there arose a demand for other species of investments. The purchase of land, or advances against landed security, seemed a ready means of satisfying that demand and a safe means also, as the growth and prosperity of Melbourne and Sydney, and for that matter of Adelaide also, appeared based on a solid foundation of productive industry, and a large extension of population for the whole country seemed assured. About the same time the prosperous condition of the trading and professional classes, as well as of a large section of the working population, enabled them to save a substantial part of their incomes, and investments were required for these savings. Then, and for long afterwards, the only forms of investment favoured by ordinary non-business persons were deposits with banks and land purchase, especially the latter, when, as in most cases, there was an ambition ultimately to acquire a home. Hence there arose a demand which could only be satisfied by the subdivision of large estates in, and in the neighbourhood of, the metropolitan cities. From these natural causes sprang the land boom.

With the first improvement in the industrial conditions of Australia building societies began to be formed for the purpose of enabling the industrious and thrifty amongst the working classes to become possessors of their own homes, and the formation of these societies was greatly helped by the facilities afforded by the Friendly Societies Acts. At the beginning of the movement these societies performed a function in the life of the community useful in itself and undertaken by no other institutions, and in Melbourne a large amount of capital was invested in the

societies by shareholders—probably one-fourth of their entire resources was provided in this way. The great prosperity experienced in 1881 and the following years induced most of the old-established societies, in order to meet the demand of their clients for freehold land, to undertake the business of buying estates with the object of subdivision. This class of business proved so successful that they were tempted to embark in it yet more extensively, although for want of means operations were still confined to not unreasonable limits. This great advance in land values brought into existence other companies which, though using the name and formulæ of building societies, were land companies, using their own capital in the purchase of estates which were cut up and sold by auction with payment over an extended period. The new ventures, both of the building societies and the land companies, proved eminently successful, and in order to expand their business they undertook to receive deposits, offering better terms than were obtainable at the ordinary banks. This departure was rewarded by a large accession of funds, and the buying of estates and the disposal of them in allotments became the chief feature of the business of building societies, as it was of the land companies.

The ideas of the controllers of the building societies and land companies expanded with success, but the means at their disposal in the colonies soon proved inadequate to enable them to carry on the work which they had taken in hand, and naturally they turned to Great Britain for deposits to supplement their local resources. Agencies were established in Great Britain, principally in Scotland, and heavy commissions paid to the agents to secure deposits. In Edinburgh alone there were twenty to thirty such agents, irrespective of those representing the banks properly so called, and as the deposit rate in Great Britain was at the time between 2 and 3 per cent, the agencies had no difficulty in securing large sums. The money thus obtained and the local deposits were liberally lent on freehold property, the companies, although they

maintained no adequate reserves, feeling justified in their policy, as land values were continually rising. By this time the majority of building societies had entirely departed from their original functions and had become mortgage companies, and this abandonment of their original rôle was greatly aggravated by a neglect of the ordinary rules of this description of business, as few if any societies took the elementary precautions of making the maturity of their borrowings correspond roughly with the maturity of their lendings, and of refusing to advance on non-income yielding properties, unless to substantial persons.

A large proportion of the community was inclined to purchase land during the prosperous years, and the building and land companies encouraged this tendency by buying and cutting up estates and offering them at auction. These sales were held on the ground, usually on Saturday afternoons, and in the earlier years of the boom were well attended by the public, for whom free lunches were provided. At the sales were often a numerous body of employees of the selling companies, who stimulated the auction by bogus bidding. Many of the purchasers were themselves speculators, who secured a title to their allotments by a cash deposit, and the payment of small periodic instalments, which they hoped to be able to continue until they could find some one to relieve them of their purchase. This action on the part of land and building societies stimulated the demand for land within the town and suburban areas, and, coupled with the rebuilding of the central or older parts of the towns which was going on, led to a great increase in site values. The rise in prices was justified at the outset, but after 1883 prices became merely speculative and bore no relation to the rentals which the properties would or could yield.

Speculation in town land began in Adelaide and spread to Sydney and Melbourne. The boom in Adelaide died out in 1886 with the general unsettlement following the failure of the Commercial Bank of South Australia. In New South Wales the very severe drought of 1884-85, which

turned the attention of capitalists from pastoral investments, coupled with the operation of the land law of 1884 which discouraged pastoral improvements, had a powerful influence in confining land investment in that colony to city and suburban areas. Hence 1885 probably saw the zenith of the land boom in New South Wales. In Melbourne speculation was carried to excesses unknown elsewhere and continued to increase until 1888.

It would have been impossible to have evolved the great land boom with Australian money alone. As it happened, much English money was sent to Australia for the specific purpose of investment in land, and the Australian banks, which financed land transactions to an enormous extent between 1881 and 1888, were able to do so by their control of money also directly derived from England. These banks, like the general public, were too much concerned in maintaining land values to recognize that they had been carried too high. Speculation took place not merely in land, but in the shares of the land companies and finance companies which were speculating in land, and during 1887 the mania for forming companies was so acute that four or five were registered in Melbourne each week, their capital averaging about a million sterling. Many of them passed out of existence at once, but they had a full crop of successors, and the process was continued unabated during the following year. Something of the same sort went on in Sydney, Brisbane, and Adelaide, always without thought that the sun of prosperity was ever likely to set.

The important discoveries of silver in the Broken Hill district of New South Wales in 1886 and the two following years opened up another channel for speculation. This began in 1887 and lasted until 1891, with some intervals. Here also capital was invested at first in thoroughly remunerative properties, but it was not long before wild speculation drove the prices of mining stock to absurd heights.

The banks took a prominent part in financing all these

forms of speculation. Their advances increased from 58½ millions in 1880 to nearly 132 millions in 1891, although during the same period the Australian deposits increased only from 62½ millions to a little over 93 millions, the great difference between advances and local deposits being made possible by the possession of British deposits, which from 1881 onwards steadily increased.

Banking in Australia differs in some important ways from banking as conducted in England, and even from Scottish banking, of which it is in some respects an imitation. Throughout Australia the practice of advancing money upon the security of land and live stock everywhere prevailed during the period under discussion, and a large share of the business done by the banks would, in England, have been left to be transacted by loan-mortgage companies. To compensate for this want of fluidity in the character of their advances, the banks of Australia were accustomed to hold much larger gold reserves than were usual elsewhere. These reserves averaged, for all the banks, a little more than one-seventh of their liabilities, and amounted in the aggregate to a larger sum than was then held by the Bank of England. They had also a different practice as to deposits. In England the bulk of the fixed deposits at the banks are withdrawable on short notice, whereas the Australian banks do not as a rule accept fixed deposits for less than three months, and the usual term of such deposits is twelve months.

In 1875 the various banks had very little British money on deposit, and even in 1880, although 11·6 millions of private capital had come to Australia in the preceding five years, no considerable portion of this sum was represented by British deposits in Australian banks. After 1880 there was an entire change of policy on the part of the banks, or rather of the majority of them, and at the close of 1891 they were in possession of about 39·8 millions of British deposits, the building societies and minor finance companies having secured another 4·5 millions, and trading companies about 5 millions. The whole of the moneys received from Great

Britain were deposited for definite periods of one, two, or three years, and in this respect were considered safer than local deposits, one-fourth of which were at call, and the remainder for periods of a year or less. There was, however, an essential difference between the two classes of deposits, which told heavily against Australia later on. The repayment of British deposits was demandable in London, and when repaid represented the absolute withdrawal of an equivalent amount of money from Australia, whereas withdrawals by local depositors, unless the money withdrawn was hoarded, represented merely the transference of a credit from one bank to another. The difference obviously affected the extent to which Australian banks could afford to support each other in a time of panic.

From 1871 to 1877 the market for money in Australia was easier than it had been for many years. It grew more difficult in 1878, owing to the severe drought, which lessened greatly the return from the pastures of the country and increased the demands made by squatters for banking accommodation. During 1879 and 1880 the demand for money was considerably less, and at the beginning of 1881 the rates of interest on bank deposits were reduced to 2, 2½, and 3 per cent per annum for sums lent for three, six, or twelve months, and the bank deposits actually exceeded the advances. During 1881 a great change occurred. The banks advanced money with great freedom, and the community took full advantage of the ease with which advances could be obtained. In 1881 advances increased by more than 11 millions, and during the following year by nearly 15 millions ; this rapid increase was checked in 1883, when the advances rose only by 5½ millions ; in 1884 the increase was about the same, but in 1885 it was nearly 9 millions.

The drought of 1884–85 had a most serious effect upon the whole commercial life of Australia, and, while it increased the need of the pastoralists for banking accommodation, it diminished the demand for pastoral properties, and caused the banks to restrict their advances in many directions. In South Australia the effects of

the drought were so serious as to lead to the failure of the Commercial Bank of South Australia, which, having identified itself with rural industries and chiefly with those connected with pastoral pursuits, was specially sensitive to the effect of bad seasons. The results of this failure were not confined to South Australia ; they were felt throughout Australia in 1886, but in South Australia this disaster put an end to land speculation and saved the Province from any direct or serious participation in the crisis of 1893.

In April 1886, also, there was a severe fall in the price of wool, following an almost unexampled collapse in the demand by the London market, and, for a time, the pastoralists were unable to repay the advances made to them by the banks. As was usual in such conditions, the banks raised their rates but did not refuse further accommodation ; the advances during 1886 exceeded those of the previous year by 3 millions only, although the banks were in possession of ample funds. There was a recovery in the price of wool ; exuberant confidence again reigned throughout Australia, especially in Melbourne, and the banks were not backward in responding to it. The increase in advances for the year 1887 amounted to $4\frac{1}{2}$ millions, of which $3\frac{1}{2}$ millions fell to the share of Victoria, where the land boom was active once more and where the company-forming mania had again seized upon the people. The doings of 1887 were, however, merely the prelude to far greater activities in the following year, which may be regarded as the *annus mirabilis* of the whole period. During 1888 New South Wales, and indeed the whole of Australasia joined in a furious speculation in silver mines, in land, and in the shares of land, finance, and other companies. To assist the speculators in their merry game, the banks increased their advances by 15 millions during the first nine months of the year, about one-half of which was advanced by the Victorian banks. But there was still a residuum of sanity in banking circles which at last made itself felt. Some of the older banks had gone cautiously during the greater part of the year, and in October 1888

their example so far prevailed that the banks as a whole, especially those of Melbourne, became alarmed at the madness that had overtaken the land market, refused to make any further advances to facilitate speculative purchases, and raised the interest on advances; the example of Victoria was soon afterwards followed by the other colonies, and before the close of the year, in spite of the abundance of money obtained from England, great stringency characterized the money market of Australia.

The Victorian land and building companies at once found themselves in trouble. They had been trading very largely with their deposits and had very slight reserves to fall back upon; and a large section of their depositors began to ask for a return of their money, having now better use for it. A failure to meet these demands promptly would have been fatal to the societies, and in the emergency they turned to the banks for help. This was usually given, with many admonitions as to the conduct of their business on more restrained lines. Some few companies failed towards the end of 1888 or early in 1889; the majority, profiting by the banks' assistance if not by their admonitions, went on with their business much on their old lines, and continued to pay dividends, a feat which they accomplished by reducing their so-called "accumulated profits." During 1889 many of the companies obtained large sums of money in England by the sale of shares and debentures and by increased energy in canvassing for deposits, and it was from these sources that claims upon them were met when the banks later on curtailed their credits.

The year 1889 began in great apprehension, but, in the language of financial writers of the time, manifested great improvement as time wore on, and "there was great soundness underlying the monetary situation." The truth was that the land and finance companies, with their additional English shareholders and depositors, seemed stronger than before, and well able to bear the lull in land sales. As for the banks, they too were no longer pressed for money. From the inexhaustible store of British

accumulation they had increased their deposits, and were thus able to increase their advances by about 6 millions during the year. To the superficial observer business appeared really sounder than it had been for some years previously ; general speculation had greatly declined, and there was no revival in the land market.

From what has been said, it will be obvious that the banks would have found it impossible to act as imprudently as they did during this period had it not been for the ease with which they obtained the use of English money. Consols had been converted in 1889 from 3 per cent through an intermediate $2\frac{3}{4}$ to an ultimate $2\frac{1}{2}$ per cent, and the extreme ease with which the operation was carried through, as well as the low interest earned by so-called gilt-edged securities, convinced the Australian banks that low rates of interest would be a permanent feature of the English money market, and that any deposits they could obtain in England would not be likely to be removed. Hence their activity in London and their occasional independence of the local market.

From 1881 to 1889 the Australian banks were able to obtain British deposits at rates varying between $3\frac{1}{2}$ and 5 per cent. This money was used in Australia without difficulty at double these rates, and the transaction was so far a lucrative one, but the position was obviously full of danger. The credit of Australia was at the time very good, but it might quite easily become impaired in the eyes of the British investors owing to the extravagance of the Governments, the occurrence of drought, or other like cause. Again, in spite of the low rates of interest prevailing in Europe, on which the banks depended, there could be no certainty that these rates would persist for any long time, or that the money on deposit would not be withdrawn owing to a better investment being offered elsewhere.

At the beginning of 1889 the banks seemed to realize that their financial position was more or less unsteady. They had advances outstanding to the extent of 113 millions, much of which, perhaps the greater part, had been

absorbed by pastoralists and speculators in city and suburban lands. As regards the pastoralists, a very large number were unable to bear the load of debt for which they were responsible. These were persons to whom advances had been made against stock and stations on the basis of values existing prior to 1884, and in 1889 these values had to a great extent disappeared. To the original indebtedness incurred for the purpose of improving or purchasing their runs, there had been added in 1884 and 1885 considerable sums required to carry them over the distressing period of drought, during which some 15 millions of sheep had perished. In 1889 the banks found themselves in possession of a great many pastoral holdings, which could not be disposed of except at prices much below the advances made against them; these the banks were compelled to work as if they were their own property, the former owners in many cases being retained as salaried servants. Besides these properties which the banks held as mortgagees in possession, there were a considerable number of others, both large and small, whose owners could barely pay the interest on their outstanding indebtedness, so greatly had their income been reduced by the effects of the drought and by the decline in prices. The financial position of station owners could not have been unknown to the banks, but there was no writing down of securities at this period, and subsequent revelations showed that some of the banks credited themselves as having received the interest on outstanding mortgages, when the amount was merely added to the indebtedness of their clients.

Bearing in mind the conditions above narrated, the trend of prices, the condition of trade and industry, and the manner in which the majority of the banks conducted their business, it will be plain that the circumstances which made possible the crisis of 1893 already to a large extent existed in 1889. After that year, except in Victoria, there was no widespread speculation by the general public; on the contrary, there was a distinct revulsion towards the

primary pastoral and agricultural industries. Many of the banks unwisely continued to make advances to companies and to individuals who were already deeply indebted to them, underestimating the gravity of the situation, and hoping that two or three prosperous seasons would re-establish business on its old footing. Several of the banks, however, realized the possibilities of the situation, and, while others less cautious still followed a policy of adventure and eagerly sought for deposits in Great Britain, these pursued the safer policy of reducing their commitments outside Australia and strengthening their local position. In accordance with this policy, when in 1889 Melbourne was in great straits for money these banks withdrew considerable quantities of coin from their branches in the other colonies and sent it to Melbourne, and by that means greatly eased the financial strain. But any relief that could be given in this way, or by any two or three banks, could have little enduring effect, as certain events were in progress over which the Australian banks were powerless to exercise any control.

Early in 1890 the Argentine crisis occurred and greatly affected the market for colonial securities. There was a strong tendency for depositors to withdraw their money from the Australian banks, and much was withdrawn ; at the same time, however, several of the banks, through the activity of their agents, were still able to obtain fresh deposits aggregating more than their losses by withdrawals. Even in February 1890, when the bank rate in London was 6 per cent, some of the Victorian banks were able to obtain large deposits, though, it must be confessed, at rates that could not have been remunerative. When these deposits were made available for use in Australia they were supplemented by additional local deposits, and the Australian banks found themselves able in July to reduce the deposit rates by 1 per cent, so that the interest allowed for three months was at the rate of 2 per cent per annum, for six months 3 per cent, and twelve months 4 per cent ; the discount rates were also slightly reduced.

There was, moreover, a disposition, for the first time since the commencement of the boom, to lend cautiously, to look critically into the condition of overdrawn accounts, and, especially on the part of the English banks, to reduce advances. The Baring crisis in November 1890 arose primarily from over-speculation in the Argentine ; nevertheless, it had a very serious influence on Australian Government securities, both directly, by lowering their value, and indirectly, by drawing the attention of the press to the condition of other countries in a like stage of development to the Argentine. During 1889-90 certain financial papers in London began to call attention to the heavy indebtedness of the Australian colonies, and before long the various Governments found that they had almost reached the end of their credit in London. During 1891 more than one loan offered for subscription was only partly taken up and was saved solely by the help of the banks, and towards the end of the year several contemplated loan operations had to be abandoned. The significance of this change in the attitude of English investors towards the stocks they had so eagerly purchased two years before was not lost on the Australian banks, who now began to strengthen their position in London, lest the obvious decline in Australian credit should affect the depositors.

The practice of going to Great Britain for deposits was not relinquished immediately by all the banks ; indeed some of them would have continued to the end if the deposits had been forthcoming. In the twelve months ending March 1891 the British deposits in Australian banks were increased by 4 millions in spite of the difficult condition of the English money market ; in the next six months the increase scarcely reached half a million. The golden well was now dry. In Australia also the conditions were against the banks. Under ordinary circumstances the years 1890 and 1891 would have been very favourable to the pastoralists ; the seasons were excellent, and there had been an enormous increase in the live stock of the country, but the bounty of the seasons was to a large

extent spoilt by the great strikes. These affected the banks directly as large holders of pastoral property and as exporters of wool, and indirectly, by reason of the position in which their clients of the pastoral and commercial classes found themselves. In July 1890 there was, as we have seen, a disposition on the part of the banks to examine closely the condition of their assets, and when a month or two later an effort was made to obtain a repayment of advances, it was found that in many cases not only was this impossible, but even the payment of the outstanding interest could not be obtained, and, much against their will, the banks were compelled to increase the advances they had intended to reduce. They soon began to show the effects of the industrial upheaval and commercial depression in the stationary condition of their local deposits, and, in view of the demands upon them for further accommodation, many of them felt constrained to make a strong effort to retain what British deposits they already had, and even to increase them.

At the beginning of 1892 the Australian banks held, in addition to local deposits of £99,500,000, British deposits to the amount of £39,800,000, having increased their British deposits by rather more than £3,000,000 between September 1891 and March 1892, the period when the land and building companies were suspending payment one after the other ; £139,300,000 was thus entrusted to their keeping. Five of the banks had their headquarters in London, and four were English in origin ; one or two others were of old standing in London, and were there for the transaction of legitimate business arising out of the large volume of trade carried on between Australia and England ; but to the majority of the Australian banks open in London the business of exchange and the financing of produce were quite secondary to that of collecting deposits. The extent to which some of the banks carried this branch of their business may be gathered from the following particulars extracted from returns obtained in 1892, under the New South Wales Census Act.

Fourteen banks made returns at the census. Of these three were small institutions with a capital of less than one million between them, and may therefore be left out of consideration. Of the remaining eleven two obtained half or more than half of their deposits in the United Kingdom : the Queensland National Bank with £4,400,000 British deposits out of a total of £8,500,000, and the London Chartered Bank with £3,300,000 out of £6,600,000. The Commercial Bank of Australia had £5,600,000 or 47 per cent out of a total of £11,900,000 ; the Australian Joint Stock Bank had £4,000,000 or 37 per cent in a total of £10,800,000 ; the Bank of New Zealand £2,340,000 or 32 per cent in a total of £7,360,000. The other large deposits obtained in the United Kingdom were with the Union Bank of Australia, which had £5,100,000, equal to 28·5 per cent of its total ; the Bank of Australasia, £3,000,000 or 20 per cent ; the National Bank of Australasia, £1,615,000 or 18 per cent ; the English Scottish, £900,000 or 16 per cent. The Bank of New South Wales, which was the largest bank operating in Australia, had £2,100,000 of British deposits out of a total of £21,000,000, while the Commercial Banking Company of Sydney had less than half a million in a total of £11,500,000.

To some of the old-fashioned banks the money flowed quite naturally, but the majority of the other institutions were engaged in a hunt for deposits which, while always eager, degenerated at last into mere recklessness. During the five years 1888 to 1892, when the ordinary deposit rate in England was about $2\frac{3}{4}$ per cent, some of the Australian banks were offering 5 and even $5\frac{1}{4}$ per cent for deposits for twelve months and upwards. Agents were at work in different parts of the United Kingdom, especially in Scotland, touting for deposits, and these were paid one-eighth per cent on money fixed for twelve months, and a proportionate commission for deposits fixed for longer periods. In Australia there was, of course, equal eagerness to obtain and keep deposits.

The trend of prices is dealt with elsewhere ; here it

will suffice to say that from 1884 to 1889 the prices of exports fell 15 per cent, and from 1889 to 1893, 25 per cent. This fall, coupled with the ruin caused by the drought, put it out of the power of many of the pastoralists to recover their position. The fall in the prices of Australian exports was not accompanied by a like fall in the prices of imports, which dropped only 6 per cent between 1884 and 1889, and 13 per cent between 1889 and 1893. So far as the banks were concerned, it will be obvious that even if the exports and imports had dropped together step by step, their security would have deteriorated. They had made their advances on a capital value based on returns which were not being obtained, and a margin of 33 per cent in 1884 was in 1889 reduced to one of 13 per cent. In 1893 it had entirely disappeared.

The eagerness of the banks in the matter of deposits was far exceeded by that of the land and building societies. Some of these were very important institutions. They had a large paid-up capital, imposing offices, influential boards, and a considerable clientele of depositors, borrowers, and land purchasers. Amongst the most prominent of these societies, and one which proudly boasted that its name accurately described its position amongst its fellows, was the Premier Permanent Building Association of Melbourne. On 20th December 1889 this institution formally suspended payment, having public liabilities to the extent of £1,414,069, of which £652,702 was due to depositors. The manner in which the Premier Permanent Building Association had carried on its business had not escaped criticism, but that it had been guilty of reckless trading was stoutly denied by its managers, and so successfully that public confidence was not appreciably withdrawn from it. A preliminary investigation of its affairs showed that the association had speculated heavily in real estate, had over-advanced to speculative builders, and had greatly over-valued its assets, part of the over-valuation being counted as profit and distributed as such amongst its shareholders.

The Premier Association did not go at once into liquidation, but its management appointed its "financial adviser" to set its affairs in order, hoping thereby to avoid an inconvenient discussion in the law courts. The financial adviser soon found that the shareholders had lost all their capital and that the depositors would lose some of their money. The Premier Association had ultimately to go into liquidation, and some disgraceful conduct on the part of its management was brought to light. The failure of a leading building society gave a great shock to public sentiment in Melbourne, as this was the first important financial disaster that had fallen on the city, which, notwithstanding the progress of its rivals, was still the financial centre of Australasia. More important still was the blow administered to Australian credit in Great Britain, where the Premier Association had numerous agencies.

There was a natural desire on the part of other institutions with British deposits to smooth over the failure of the Premier Association, lest damaging admissions and discoveries might affect their position also, and lead to a withdrawal of confidence in Great Britain. But the truth could not be long withheld, especially as the *Banking and Insurance Record*, the leading financial paper of Australia, was on the side of complete investigation, and the only result of concealment was to alarm the more timid amongst local depositors as to the position of other building societies. There was almost immediately a steady, though not a considerable, withdrawal of money from these societies and even from some of the banks.

The year 1890 was a time of great uneasiness amongst all the minor financial institutions of Australia. Some of them endeavoured to strengthen their position in the event of a withdrawal of deposits, and were able to do so to some extent; but to the radical defects of their mode of business, viz. borrowing for short terms and lending for long ones, and both speculating themselves in property not revenue-yielding and financing builders and

land-jobbers engaged in much the same business, there was now added a falling market, and in Melbourne a declining population. Time might be reckoned upon to cure the first set of evils if they stood alone, but every day aggravated the evil of the decline not only in land values but in the value of real property of every description. During the first half of 1891 the credit of the land and building societies declined steadily. They could obtain no more money in Great Britain, and in Australia depositors who knew the state of the land market were growing very anxious. It may be said, with little exaggeration, that in August 1891 every depositor in a land or building society was anxious to withdraw his money. Between July 1891 and April 1892 twenty-one land, building, or finance companies suspended payment in Melbourne, and twenty in Sydney. In the case of the Melbourne companies their liabilities to creditors, other than their own shareholders, were about $13\frac{1}{2}$ millions, of which $3\frac{1}{2}$ millions was owing to English investors; in Sydney the liabilities of these companies were considerably less, barely 5 millions, of which English investors claimed about half a million.

Many of these companies, as we have shown, suffered from the fundamental defects of trading too largely with deposits and of holding too small reserves; most of them had speculated in land; some had advanced money imprudently to speculators, and not a few had added fraud to imprudence. In several cases the depositors arranged to allow their moneys to continue for a longer term, and the companies began business again, in many cases only to fail a second time. Amongst the companies which failed in 1891 were several so-called banks and the old-established Bank of Van Diemen's Land, a bank of issue, which went into liquidation in August 1891. These failures did not at first affect the confidence of the public in the ordinary banks, but it was different when, in March 1892, the Mercantile Bank of Victoria failed. It was one of the notorious Davies companies, the recent ex-

posure of whose financial methods had come as a severe shock to the community ; its fall therefore caused neither astonishment nor regret in Melbourne. In England, however, it was otherwise, and the failure of the Mercantile Bank had a very serious effect upon the price of bank shares, causing considerable apprehension as to the whole banking position ; and although no other bank suspended payment during 1892, there were very disquieting rumours in circulation which affected the credit of two or three of them. In January 1893 one of these, the Federal Bank, found itself no longer able to carry on. This bank was a Melbourne institution, and had been intimately connected with the Federal Building Society ; this connexion undoubtedly contributed to the disrepute into which it had fallen prior to its suspension. With the failure of the Federal Bank, the bank crisis entered on its acute phase.

The Commercial Bank of Australia suspended payment on 5th April 1893. The withdrawal of deposits from this bank had been going on for several months, chiefly by Australian depositors. This institution was one of the most important of the Australian banks, and its suspension shook the credit of every other bank operating in the colonies ; this was especially the case in Great Britain, where the Commercial had gathered together deposits to the extent of five millions.

During the month that followed, eleven other banks suspended payment. The headquarters of four of these were in Victoria, of two in New South Wales, of three in Queensland, and of two in London. All these suspending banks, like the Commercial Bank of Australia, at once put forward schemes of reconstruction and presently resumed business. Two of them ought certainly not to have suspended, while several others ought not to have reconstructed—their losses had been so great that the proper remedy was liquidation. The locking-up of deposits which had been going on since 1891 had had a very serious effect, and when, owing to the reconstruction of

the Commercial Bank of Australia and other banks, the process was continued on a gigantic scale the strain was unbearable.

The above is a brief outline of the events which led up to the crisis of 1893 ; a more particular account of those events as they occurred in each colony is given elsewhere. The broad facts are that from 1881 to 1891 Australia received a great deal more British money than it was able to employ productively ; much of it was used to inflate the price of land and other property, with the result that a condition of apparent commercial prosperity was produced, and the community as a whole lived largely beyond its means. From 1881 to 1888 English money flowed freely to Australia, drawn thither by the excellent credit of the Colonial Governments and the high yield of many Australian investments. From 1889 onwards there was less spontaneous investment from Great Britain, and this was made up for by an active pursuit of British money by the land and finance companies and by many of the banks. The events of 1891 and 1892 made this pursuit more difficult ; but the English public, though it looked askance at Australian Government loans, continued to entrust money on deposit to the banks, although not to the same extent as in previous years.

As was remarked at the opening of this chapter, it was a matter of common opinion in Australia that the bank failures of 1893 were directly attributable to the withdrawal of British deposits. This was quite erroneous. These deposits were at their maximum early in 1892, when they amounted to £39,800,000. During the six months which followed, two banks, the Bank of South Australia and the Mercantile of Victoria, suspended payment, owing £3,700,000 to their British depositors, so that if there had not otherwise been a decrease in the British deposits, their total would have been £36,100,000 ; the actual total was £35,200,000, a fall of £900,000, which is readily accounted for by the voluntary paying off by the Bank of New South Wales and other banks of very large sums. During the

latter part of 1892 several of the banks continued the policy of not accepting renewal of deposits as they fell due; others like the City of Melbourne and the London Chartered were steadily drawn upon by their British depositors; while others by diligent efforts contrived to increase the sum of such deposits, with the net result that in January 1893 the total of the British deposits in Australian banks was £35,700,000, and this notwithstanding the failure of the Federal Bank with £680,000 of British money. During 1892 there was thus an increase of £1,180,000 of British deposits with the upstanding banks.

Some of the banks, however, showed a reduction in their British deposits; but the majority, amongst which were six that afterwards suspended payment, increased them considerably. The following list is instructive, as it shows the increase of British deposits in the three years preceding the crisis :—

| | |
|--|------------|
| Commercial Bank of Australia | £3,200,000 |
| Bank of Victoria | 1,200,000 |
| Australian Joint-Stock Bank : | 600,000 |
| City of Melbourne Bank | 400,000 |
| Queensland National Bank | 400,000 |
| London Chartered Bank of Australia | 200,000 |

Taking the six together these various sums make a total of six millions, a much larger increase than took place in their local deposits during the same period. There is, in fact, sufficient evidence for the conclusion that several of these banks obtained British deposits after 1891, because they could not otherwise have remained standing. The chief offender was the Commercial Bank of Australia. At the beginning of 1890 it held £6,837,000 of Australian deposits and £2,400,000 of British deposits. The only increase of moment which its local deposits received during the next three years occurred early in 1891, when, by the absorption of the Mercantile Bank of Sydney, it increased them by about one million. From the beginning of 1891 the Australian deposits of the bank steadily declined at the rate of about £400,000 a year, while its British deposits

increased until at the beginning of 1893 they stood at £5,638,000. In 1890 the British deposits were about one-fourth of the total, and in 1892 nearly one-half, which from every point of view was a position of grave unsoundness.

In the case of nearly every bank, the persons who withdrew their money in the early months of 1893 were local depositors, and their action was the primary cause of the suspensions ; nevertheless, the existence of so large a proportion of British deposits had an important influence on the actions of the banks during the crisis.

Speaking generally, it may be said that where the interests of banks are purely local, a run upon their deposits shows its full effect at once, and if it be possible to meet or allay the first panic, the worst is over. But this was not the position of the Australian banks. Out of a total deposit of 87 millions in the suspending banks, some 21 millions were British. Owing to the way these latter were held, there could be no sudden run upon them, yet once the British depositors became alarmed by a run on local deposits they would inevitably withdraw their money when it fell due. Hence any efforts to allay a panic in Australia were rendered nugatory by the fact that, unless confidence could be restored most completely, a secondary interference was sure to occur whenever large British deposits were payable. It was the fear of this secondary interference, so much the more serious because the money concerned would be withdrawn altogether from the country, that paralysed the Australian banks. They could not suppress the fears of their Australian depositors, and it was impossible for them to expect to be able to reassure their British depositors. As it happened, the crisis occurred as the Scottish May term was approaching, when large sums would fall due and would inevitably be withdrawn. The banks suspended in order to keep this money, and under the schemes of reconstruction which were adopted they were able to retain their fixed deposits, both British and Australian, for several years.

In estimating the effects of the Australian bank crisis

it is impossible to overlook the nature and consequences of these schemes. Under almost all of them the banks considerably increased their capital, nearly doubling it, for the aggregate increase was close upon six millions. They also undertook heavy engagements as to interest upon the deposits which they locked up for a term of years. In some cases they converted depositors into shareholders. The result was that, at a time when the field for the lucrative investment of banking capital had suddenly contracted, that capital was increased very largely,—even more largely than the reconstruction schemes alone involved, for the banks which had not suspended payment increased their capital also, as a measure of extra precaution. The interest promised on the locked-up deposits was calculated on the basis of previous trading, and not upon any sober estimate of future opportunities, and naturally could not be paid. The conversion of deposits into share capital was still more unfortunate. It struck a blow at Australian banking credit in Great Britain, the effects of which persisted for many years, and perhaps have hardly yet been dissipated.

One of the most remarkable features of the crisis was the lengthened time over which it extended, for it began at the end of 1888 and culminated in May 1893. This extraordinary state of affairs was largely due to the part that English money played in these transactions. The credit of Australian enterprises never stood higher in England than in 1888 and 1889; the ease with which money could then be obtained had the effect of entirely misleading general opinion in Australia as to the true state of affairs, and was greedily taken advantage of by many unprincipled adventurers who were thus able to issue their worthless shares and obtain deposits for companies the capital of which had disappeared or never really existed.

It was unfortunate that when the British public began to lose faith in Australian undertakings it withdrew its confidence so early from the Colonial Governments, the debtors least of all likely to involve their creditors in any

loss. Had the credit of the Colonial Governments been better they would probably have taken swifter and more certain steps to help the solvent banks. In New South Wales, indeed, the Government did eventually take the measures necessary to establish confidence, but in Victoria the steps taken by an incompetent and purblind Government merely aggravated the evil and led to a general chaos.

NEW SOUTH WALES

During the first few years of this period the money market in Sydney was much easier than it had been for a considerable time. At the end of 1872 the deposits in the New South Wales banks, not including savings banks, amounted to just over £7,000,000, while the advances were £8,750,000 ; during the following years the advances increased very rapidly, and in 1878 they amounted to nearly £17,000,000, but the deposits increased even more rapidly, and the banks were able, and in fact were compelled, to employ the greater part of their capital outside the colony.

The banking position was affected greatly during these years by the condition of the land market. From 1872 onwards there was a very rapid increase in the sale of Crown lands. Much of this land was purchased by squatters in order to protect themselves against the incursions of professional land selectors, and the money to make these purchases was, to a great extent, found by the banks. The land revenue, which in 1872 amounted to £436,000, rose to about £3,000,000 in 1877, and as there was no corresponding advance in the public expenditure the Government deposits with the banks were largely increased. Up to 1877 the general prosperity of the colony was very great, the pastoral industry showing remarkable development. In 1877 a serious drought occurred, which affected stock considerably and caused heavy demands to be made on the banks. The deposit and discount rates, which had been low, were raised, and in 1878 the interest on fixed deposits became 5, 6, and 7 per cent per annum for terms

of three, six, or twelve months respectively, and the discount rates varied from 7 to 10 per cent. Trade was inactive and the sales of Crown land declined ; in 1879 and in 1880 the receipts from land sales were less than in any year since 1873. In these circumstances the demand for money was not great, and the bank advances remained practically stationary at a little more than £17,000,000. The rate of increase in the deposits was also checked, although the sums entrusted to the banks still exceeded the advances by nearly £700,000. Owing to the decline in the demand for money, the banks were able to reduce the rates of interest allowed on fixed deposits to 2, 3, and 4 per cent for three, six, or twelve months, and in February 1881 there was a further reduction to 2, 2½, and 3 per cent.

The finances of the New South Wales Government, however, still remained in a very flourishing condition. The land revenue, which had fallen so significantly in 1878, 1879, and 1880, increased by £1,120,000 in 1881, and the whole revenue far exceeded that of any previous year ; at the end of 1881 the Government had accumulated a surplus of about £3,000,000. During the year 1881 the colony placed in London a 4 per cent loan for £2,000,000 at a premium of £3 : 8 : 11 per cent. This was hailed as “the greatest financial triumph this colony, or indeed that any colony, has ever made.” What with loan proceeds and surplus revenue, the Government’s deposits with the banks were naturally very large, and they were still further increased during 1882. Hence there was the same vicious circle as accompanied the disasters of 1841–43, the banks supplying the land speculators with money, the Government selling its land to these speculators and depositing the proceeds of the sales with the banks, who in their turn used the money to finance further purchases. The extent to which the banks were involved in land purchase transactions may be inferred from the fact that, in 1881, they and certain minor monetary institutions were liable for the payment of the rent of about one-sixth of the whole area under pastoral lease ; nine banks were the registered

owners of 537 runs, covering about 15 million acres, and various land and mortgage companies, operating chiefly from Melbourne, held 192 runs with an area of more than 8 million acres. It is true that the banks were in most instances not the actual owners, but the extent to which they were involved in the maintenance of the pastoral industry is sufficiently indicated by these figures.

The year 1881 was one of great prosperity and of renewed business activity. The demand for land was by no means confined to the purchase of rural areas, and in Sydney and the surrounding district there were very large sales of land in private ownership, financed, to a considerable extent, by the banks. In the discussion of the financial position in Melbourne it will be seen that a number of Australian and Anglo-Australian land and mortgage companies were formed about this time, for the purpose of making advances to squatters. Up to this point the banks had an almost complete monopoly of such transactions, and on the intrusion of the mortgage companies they sought compensation in a class of business to which they were hitherto almost strangers, that of financing the purchase of town lands. The sums advanced to persons engaged in town land speculations were in the aggregate very considerable. In the first quarter of 1881 the advances made by the banks amounted to £17,250,000, while in the last quarter they were not less than £21,000,000, an increase of £3,750,000 in nine months; and for the greater part of this increased business urban land speculation was responsible. To enable these advances to be sustained, the banks were desirous of increasing their deposits, and, in order to attract them, they raised their rates to 2, 3, and 4 per cent according to the term.

The greatly increased demand for money continued during 1882; in July of that year the deposit rates were raised to 3, 4, and 5 per cent and the discount rates to 6, 7, and 8 per cent, and in November the interest on deposits was raised by a further $\frac{1}{2}$ per cent and the discount rates by 1 per cent. During 1882 the aggregate of the advances

made by the banks increased by a little more than 4 millions, but as the deposits were augmented by only about half this sum, the balance was provided by moneys obtained in Great Britain ; this is the first appearance of British deposits on an appreciable scale in New South Wales.

During 1883 the speculation in land in the vicinity of Sydney was carried to an absurd extent ; it had, in fact, become a positive mania. The prices for which land sold bore no proper proportion to the rentals which could be obtained. Almost all the transactions were carried out on terms of long credit, and the buyers expected to sell again before they were called on for payment. From month to month during the year the demand for the renewal of bills increased, and about the middle of the year a number of bankruptcies occurred ; but after that time, always the most critical financially, there was a recovery. Taking the year as a whole, the productive industries were in a good position, and the exports showed a large expansion, but the diversion of a considerable amount of the resources of the banks to pure speculation had effect towards the close of the year, and 1884 opened with dear money and the banking position less favourable than it had been for some time. In April 1884 the Oriental Bank suspended payment, but its deposits in New South Wales did not amount to more than half a million, and, as it was clear that the failure of the bank was in no way connected with its Australian business, it did not affect the position of the other banks. Towards the middle of the year there was a better feeling in commercial circles, following a rest from undue speculation ; in July 1884 deposit and discount rates were lowered by 1 per cent, and remained at these lower rates, 3, 4, and 5 per cent for deposits and 6, 7, and 8 per cent for discounts, during the rest of the year.

The early months of 1884 saw the commencement of a drought which continued with little relief over the greater part of the colony for about two years. There was a heavy loss of cattle and sheep, the production of wool was greatly reduced, and agriculture suffered severely. The large

expenditure of the Government and a very considerable importation of British money enabled the population to remain employed and maintain their expenditure, so that commercial and other pursuits suffered little. The large sums obtained by the banks from British depositors during 1884 and 1885 went for the most part to Melbourne, but sufficient went elsewhere to give an air of ease to the money market throughout Australia, which, in New South Wales, was accentuated by the financial methods of the Government. In these two years that Government borrowed £11,000,000, and its ordinary expenditure was so recklessly increased that a surplus of £4,000,000 in 1883 was dissipated before the close of 1885. But though the Government could thus find employment for those who would otherwise have been workless, the disastrous effects of the drought remained, and to these were added in 1885 a serious fall in the price of the chief productions of the country.

In February 1886 the Commercial Bank of South Australia suspended payment, and there was a feeling of general distrust in all banking institutions, even in the colonies where the defaulting bank had no material interests. As a measure of precaution, therefore, the banks put up their discount rates to 7, 8, and 9 per cent in June 1886, but there was otherwise no restriction on advances.

During 1884 and 1885 the squatters had been obliged to lean heavily on the financial institutions, but had looked forward to discharging their obligations as soon as the drought broke up. The season of 1886 proved fairly good, and the rural industries began to recover from the effects of the drought; but in April there was an almost unexampled collapse in the demand for wool in the London market, followed by a severe fall in prices, so that, notwithstanding the improved seasonal prospects, the pastoralists continued to need support. The mercantile and distributing interests, which had worn during the drought an appearance of great prosperity, being sustained by the lavish Government and private expenditure of those years,

on the cessation of that expenditure in 1886 found themselves with large stocks, a declining market, and many unsatisfactory debtors, and they too were compelled to seek the aid of the banks to carry their burdens. The advances of the banks were now greatly in excess of their local deposits, but, with the possession of a large volume of British deposits, they found no difficulty in meeting these further calls upon them.

After the failure of the Commercial Bank of South Australia some of the banks, recognizing that the fall in prices, the recent drought, the approaching collapse of the land boom, and the industrial unrest made it imperative that they should bring their advances to a safe point in regard to their own commitments, began to take steps towards that end, and this early recognition of the inevitable saved some of them when the day of reckoning came.

At the end of 1886 the outlook was again reassuring; the drought had come to an end, the wool-clip was good, and the harvest satisfactory as regards both yield and price. In these circumstances the majority of the banks considered it was not a time for pessimism, and continued on the lines they had been following for ten years or more. But the losses of the recent drought had been too great to be retrieved in a single season, however good, and commercial undertakings remained contracted; the sales of land, both public and private, declined, and the squatters, merchants, and storekeepers remained heavily indebted to the banks. The banks had, however, fewer demands upon them for other purposes, such as land speculation, or even the buying of country lands for *bona fide* settlement, and while their advances during 1887 were increased by only £800,000, their deposits were increased by almost the same amount. The total advances, however, still exceeded the deposits by about £5,000,000.

In January 1887 most of the banks had ample funds coming to them from England and were in a position to lower the local rates to 3, 4, and 5 per cent, and in August

there was a still further reduction of deposit rates to 2, 3, and 4 per cent. In spite of the effects of the drought the demand for land again sprang up, and in 1887 there were sales in Sydney to the extent of about £2,000,000, which was, however, only about one-half the total of 1885 ; but side by side with this land speculation there were many bankruptcies, and, taken as a whole, business was almost in the same condition in 1887 as in the preceding year.

The credit of the New South Wales Government in London remained unaffected throughout the depression, in spite of the fact that there was a deficit in the revenue accounts of over $2\frac{1}{2}$ millions, which the Government made no real effort to meet. The London investor paid no attention to the finances of the colony, and New South Wales 4 per cents were selling in London at £110 and the $3\frac{1}{2}$ per cents at £98 : 10s., and there was an increasing willingness, on the part of investors large and small, to entrust their money to Australian companies for investment in the colonies. The companies were not slow in taking advantage of this favourable disposition, nor were the banks, and the year 1888 began with the promise of great financial ease.

In Melbourne the drought had been felt much less than in Sydney, and before 1887 was over the financial world there had returned to its speculations with renewed zest. Land speculation had revived ; at the end of 1887 there was an extraordinary interest in Broken Hill mining shares, and the stock exchanges of Melbourne and Adelaide had again become very active. Into this speculation, at the beginning of 1888, Sydney also plunged, and though the buying and selling of Broken Hill shares took place almost entirely in Melbourne, New South Wales contributed its share of speculators. With the great ease in the money market, land speculation once again became rife in Sydney. Not finding scope enough for their operations in their own city, some of the Melbourne land companies acquired land in Sydney, but Sydney was not lacking in land companies and private speculators of her

own. During the year 1888 the sales of real property in Sydney amounted to about 7 millions sterling, and though the prices did not reach quite such unreal heights as for similar properties in Melbourne, they were nevertheless extremely high. In her mania for forming limited liability companies Sydney also imitated Melbourne, but, fortunately for herself, the general population took less readily to the business than that of the younger capital, and the reaction later on was proportionately less.

The banks increased their advances during 1888 by £3,660,000, and there can be no doubt that a large part of this money was used to finance speculative transactions. The local deposits were increased by over 2½ millions, and these, with British deposits to the extent of over a million, prevented the banks from feeling any undue pressure on their resources. Towards the middle of the year the Melbourne banks sought to induce those of Sydney to raise the rates for advances, but in Sydney it was considered inexpedient to make the change, as it would have involved an increase in the deposit rates also, which was what the Sydney banks most desired to avoid. The Melbourne banks, however, put up their rates in July 1888, but it was not until the end of October that the Sydney banks thought it necessary to make a change, and then mainly because the disorganization of credit, due to the collapse of the land boom in Melbourne, was also to some extent being felt in Sydney. There was not in Sydney any sharp transition from boom to financial stringency as there was in Melbourne, but the parlous condition of the Melbourne banks and institutions could hardly fail to be reflected in the operations of the banks of the other colonies. In Sydney these now steadily declined to abet speculation, indeed towards the end of 1888 they felt compelled to husband their resources very strictly in order to help the Melbourne banks by sending them gold, and this help was continued during the first half of the following year.

The year 1888 had been marked by a severe drought.

The harvest failed almost totally, and there were great losses of sheep and cattle ; towards the end of the year there were abundant rains, and the prospects for 1889 looked bright, but the farmers could not pay the storekeepers, who had to be supported by the banks until the new harvest could be disposed of ; naturally there was considerable monetary stringency during the greater part of this year. The local deposits showed a very slight increase, and the reserve of coin was £360,000 less at the middle of 1889 than at the beginning. The land boom had disappeared, but few were willing to admit that it had not substantial justification, and fewer still that land values were in excess of reality. During 1884 the capital value of Sydney and suburbs according to the municipal valuations had risen from 63 to 70 millions, that is, by 12 per cent in a year of drought ; in 1888 the valuations had gone up 11 millions, or by nearly 14 per cent in an equally droughty period. This denoted either great faith or great folly, or perhaps both. During 1889 the demand for land in Sydney fell away almost to nothing, and the land and building societies found themselves face to face with very serious trouble. The more far-seeing amongst them viewed with some perturbation the closing of the doors of various land companies in Melbourne, whose methods of business had been copied, albeit in a feeble way.

During the second half of 1889 there seemed every prospect of a magnificent season, and the lessons of 1884 and 1888 were forgotten. Every one talked of the vast recuperative power of the colony. As for evidence, this was not wanting ; the bank deposits showed an increase of 1½ millions and the conditions of employment had improved. The banks at first responded to the confidence displayed by their customers, and during the latter half of this year they increased their advances by about one million. During the first three months of 1890 they again pursued a policy of caution, and checked their advances, only to increase them towards the middle of the year.

Their policy was, in fact, governed by the exigencies of the moment. Deposits were now offering very freely, and the banks had an unusually large reserve of gold ; in the circumstances they lowered their deposit rates by 1 per cent.

Such was the position when the great strike occurred which lasted from August to November and created a new situation. The more important clients of the banks were in one way or another affected. The strike took place in the wool season, and the pastoralists could not get their sheep shorn, or, where shorn, get the wool to market. Consequently, many of the pastoralists who were already indebted to the banks were unable to reduce their indebtedness, and even demanded further support. As was to be expected, local deposits did not increase during the strike, and, in order to keep up their advances, some of the banks extended their operations in London, but British deposits were not now easy to procure, as the Baring crisis and difficulties in the Argentine had brought about a very stringent money market in London. The difficulties of the banks did not disappear with the close of the strike, and it was with no little trouble that they were able to keep their deposits from being diminished. Between September 1890 and June 1891 their local deposits remained stationary at about $35\frac{1}{4}$ millions. The advances were also stationary at a little over $42\frac{1}{2}$ millions, and though the banks were fully aware of the necessity of increasing their cash reserves, these fell from £6,091,000 to £5,605,000.

So far as New South Wales was concerned, as already mentioned, the land boom came to an end towards the close of the year 1888. During the three successive years 1889–91 very little land was sold in Sydney, and the prices realized for what was sold were on an average far below those of the boom period. The strike of 1890 and the commercial depression had almost extinguished the demand for business and house property, and many persons who had bought property on credit terms were unable to continue their payments. The land and building companies found their occupation gone, and even those that

were prudently conducted were badly hit by the non-payment of instalments as they fell due.

On the passing of the Friendly Societies Act in 1873, advantage had been taken of certain sections of the Act to form companies without liability, to carry on the operations of building societies. Some of these companies continued to work under the Friendly Societies Act, but others, seeking a larger field of operation, cancelled their registration and became limited companies. These companies were for the most part solid, well-managed institutions, and for some years confined their attention to the proper business of building societies, lending their own and their depositors' money with a good margin on rent-producing properties. But when the rise in land values became very pronounced about the year 1881, these societies could not resist the lure of land speculation, and to their proper business they added the buying of land for cash and the disposing of it in allotments on the basis of payment by instalments extending over a term of three or four years. The societies found this new business apparently very profitable, and some of them forgot their early prudence and purchased, for subdivision, lands remote from the centre of population, the demand for which would obviously fade away should the rise in land prices be checked.

The land and land mortgage companies, many of which were formed in the late 'seventies, had for their primary objects financing pastoralists during the critical stage of their business and assisting them in marketing their produce. But from 1880 onwards these companies dealt increasingly with town land, and were largely instrumental in producing the increase in the price of that land which then occurred. Their apparent success led to the formation of other land companies whose dealings were confined exclusively to town and suburban lands. Among the latter there were some companies, the immediate product of the land boom, which originated with men whose means were sufficient only to furnish a small office, with the indispensable adjunct of a fine-sounding name

displayed to advantage on a shining brass plate. Many of these were set up in Sydney. Apart from the speculative nature of the commodity in which these land and building companies dealt, they suffered from two other faults. They traded to a very large extent with deposits and they maintained no adequate reserves. Twenty Sydney companies of this character, which suspended business during 1891 and 1892, possessed a total capital of £1,189,000 and held deposits of £3,612,000. They were therefore peculiarly susceptible to the effects of any depression. The rates of interest paid upon the deposits held by these companies varied, but they were always higher than those paid by the banks of issue. During the years of the land boom the companies found no difficulty in obtaining deposits, and they were able to pay very high rates of interest upon their capital. When the land boom was over, higher rates of interest had to be offered for deposits in order to retain them, and in many cases the companies were making and could make no profit ; yet the accustomed high dividends to their shareholders were continued. To do this and to present favourable balance-sheets, the companies resorted to the expedient of reckoning as profit interest on the estimated value of their properties, though, of course, such was never received. Some of the companies, unable to obtain enough money in Australia to meet their expansive ideas, established agencies in England and obtained money on deposit and by the sale of debentures ; but it must be admitted they were poor practitioners in this respect compared with their Melbourne *confrères*, from whom they learnt their methods.

To return to our narrative of the year 1891. The monetary stringency of the early part of the year was not lightened as the year advanced. In June some of the banks were paying $5\frac{1}{2}$ per cent in order to retain their deposits, though the ordinary rate for twelve months was 5 per cent, and the market was looking to the Government to place a fairly large loan in London, thereby relieving the monetary pressure. This the Government did not

think it wise to attempt, as Victoria, Queensland, and South Australia had all met rebuffs in London during the course of the year. The depositors would probably have continued their faith in the companies to whom their money was entrusted had it not been for the failure of several land companies in Melbourne ; almost immediately these failures were announced, the depositors in the Sydney land companies began to feel uneasy, and many of them demanded the repayment of their deposits as they fell due. The companies were not in a position to make extensive repayments, and several of the smaller concerns at once closed their doors. On 18th August 1891 the Australian Mercantile Loan and Guarantee Company suspended payment. It had boards of directors in Sydney and Melbourne, and had just opened an office in London with an English "board of advice." It soon appeared that this company had been carried on in a fraudulent manner and had advanced considerable sums to its own directors on valueless security. The revelations which followed its suspension vastly increased the anxiety and alarm of depositors in other societies, and a few days later the Imperial Land, Building, and Deposit Company, the British Australian Company, and the Mutual Provident Land, Building, and Investment Company suspended payment. These were comparatively unimportant companies whose money had disappeared in land speculation. Towards the middle of September the Australian Mutual Investment and Building Company suspended payment. It had a capital of £24,530 and held deposits to the extent of £353,000. Its failure and the fact, which at once became known, that it had reckoned among its profits interest on its unproductive properties, led to a serious drain of deposits from the larger companies which, so far, had been regarded as safe. Before the end of the same month the Sydney Permanent Freehold Land and Building Society, the Metropolitan Mutual Permanent Building and Investment Association, and the Excelsior Land, Investment, and Building Company closed their doors. These three

companies were of excellent repute. They suspended payment on the ground that "their bankers had refused the accommodation necessary to enable them to meet the run upon them, and although they still had funds at command they refused to allow one section of their depositors to withdraw their money, to the manifest prejudice of those who were content to leave their money with the society, or whose money had not become due." These societies had liabilities to the amount of £950,000, of which about £730,000 was on account of deposits. Meetings of depositors and shareholders were at once called, at which, contrary to all expectation, there was little or no excitement; votes of confidence in the directors were passed, the depositors agreed to renew their deposits for a term of years, and the societies immediately recommenced business. The reopening of these three great building societies had for a moment a reassuring effect upon the public mind, and the newspapers began to speak of public confidence as having been completely restored and of the financial crisis as a thing of the past. No doubt the man in the street said much the same thing in order to give his neighbour confidence; nevertheless that did not prevent his withdrawing his deposit, when he had one, from the still upstanding companies.

On 2nd November the Australian Banking Company of Sydney suspended payment, as it could not obtain assistance from the regular banks with which to meet the demands upon it. This company was not a bank properly so called, but was a land-speculating concern. It was in the very act of becoming an incorporated bank and had arranged to open an office in London. It transpired that this institution had been engaged in fraudulent business, for which several of its directors were afterwards sent to prison. On 7th November the Federal Reversionary Investment and Finance Company stopped payment. It was a small company, and, as its depositors agreed to renew their deposits, it reopened almost immediately. On 11th November a much more important institution, the

Anglo-Australian Investment, Finance and Land Company, suspended payment. It held English and Australian deposits amounting to £142,000, and had placed in London during the preceding year debentures of the value of £312,000. The suspension of the other deposit companies was now plainly only a matter of time, as there was nothing in the constitution or business management of the still operating societies to distinguish them from those that had fallen.

In order to make the voluntary liquidation of these companies easier, the New South Wales Parliament passed a Joint Stock Companies' Arrangement Act, which was assented to on 17th December 1891. This Act provided that if a majority, representing three-fourths of the interests, of the creditors of a company present at a meeting should agree to any arrangement, this should, after receiving the sanction of the court, be binding on all the creditors. The court was granted power to vary the arrangement if it thought right. The Act was therefore decidedly superior to the Victorian Act passed about the same time, though it interfered seriously with the rights of the individual creditor as hitherto understood. On 15th January 1892 the Sydney and Suburban Mutual Permanent Building and Land Investment Association decided to call its creditors together, and on the 29th of the same month the Sydney Deposit Bank failed. This so-called bank had commenced operations with £100 cash and a nominal capital of £20,000. This capital had never been paid up, but was simply a book entry being balanced on the other side by an overdraft of £19,900. On the representation of a paid-up capital of £20,000, this company, which really consisted of one man, incurred liabilities of over £107,000, very little of which was afterwards found to be recoverable. On 2nd February the St. Joseph's Investment and Building Society suspended payment, owing its depositors £286,000 and its bankers £44,000. On 10th February the National Building Land and Investment Company, and on the 18th of the same month the Haymarket Permanent Land

Building and Investment Company suspended, and practically all the more important of the minor financial companies of Sydney were in the dust.

On 10th February 1892 a run began on the Savings Bank of New South Wales which lasted for three or four days, and about £124,000 was withdrawn. There was no justification whatever for alarm, the run apparently having been caused by some foolish words spoken at a meeting of the unemployed. The Government declared that the bank was completely solvent, and the banks of issue expressed their readiness to accept savings bank deposit receipts as cash; by these means anxiety was allayed and the depositors gradually returned their money to the bank.

All this time Melbourne had been suffering far more severely than Sydney, and during the first three months of 1892 it became apparent that the distrust which was felt there might spread at any time to the banks of issue. In Sydney public confidence was much greater, and the first quarter of 1892 showed an increase of deposits of over a million, mostly money withdrawn from the minor financial companies. All the same, the financial atmosphere was infected by that of Melbourne, and it was with infinite relief that the public learnt that an agreement had been come to by the Melbourne banks for mutual support. This agreement, as it happened, meant very little, but it pleased the people to feel that the banks were standing shoulder to shoulder. Trade, however, continued to be depressed, and during the remaining nine months of 1892 the deposits declined somewhat and the advances increased slightly; in fact, the banking returns reflected the stagnant condition into which business had fallen. Several of the banks reduced their dividends and the price of bank stock fell considerably.

On 30th January 1893 the Federal Bank of Australia suspended payment. This was a Melbourne bank with a branch in Sydney; its liabilities in the latter city were inconsiderable, amounting to less than £100,000. The

effect of the failure was, however, much greater than the mere pecuniary loss would have warranted. It was felt as an indication of the critical position of the banks. The Sydney banks now began to prepare themselves for troublous times. During the first three months of 1893, notwithstanding an increase of £541,850 in their deposits, the banks reduced their ordinary advances by £1,283,000 and increased their holdings of cash and bullion by £555,750. The rumours as to the stability of the Commercial Bank of Australia were affecting its credit throughout Australia and there were some slight withdrawals of deposits in Sydney. On 4th April the news was received in that city that the bank would suspend payment on the following day. The Commercial Bank had recently acquired the business of the Mercantile Bank of Sydney, and this had given it its interest in New South Wales. It held deposits there amounting to £976,000 and had made advances of £1,312,000, and as these were for the most part well secured, it is plain that it was not the Sydney business of the bank which had brought about its difficulties. A week after the suspension of the Commercial Bank of Australia, the English, Scottish, and Australian Bank closed its doors. This was an English bank operating in Melbourne as well as in Sydney, but the larger part of its business was in the last-mentioned city. The Sydney bankers now met and entered into an arrangement for mutual support, but this did not allay public alarm, and on 21st April the Australian Joint Stock Bank suspended payment. This was a New South Wales bank trading in that colony and in Queensland. It held, during the first quarter of 1893, £5,700,000 of Australian deposits and £3,580,000 of British deposits. The suspension of the other banks had caused a considerable fall in the price of Australian Joint Stock shares, and the directors learnt that there was every likelihood of the British deposits being withdrawn as they matured; they had so far prepared themselves for the contingency that they had been refusing British deposits for about twelve months and had accumulated some £859,000 in London to enable

them to meet the expected demands. These hopes were frustrated by a run upon the head office of the bank in Sydney ; this took a decided form on 18th April 1893, and about £150,000 was withdrawn in three days. As there was no likelihood of a cessation of the run, the directors demanded the assistance of the other banks, but the managers of those banks, being made aware of the condition of the advances of the Joint Stock Bank, declined to grant any assistance and the bank suspended payment.

On 26th April the London Chartered Bank suspended. This was an English-owned bank, whose business was almost entirely confined to Sydney and Melbourne. The bank held £869,500 of deposits in Sydney, £2,445,700 in other parts of Australia, and £3,273,000 in Great Britain. It had been suspected of weakness for several months, and its shares in London had fallen from £21 : 10s. to £6 during the course of a few weeks. The run on deposits, when it set in, was very decided, and £300,000 was withdrawn in ten days. On 1st May the National Bank of Australasia suspended payment. It was a Victorian bank, with unimportant interests in New South Wales, where neither its deposits nor advances amounted to half a million.

The Premier of New South Wales was at this time Sir George Richard Dibbs, who, despairing of any action or valuable advice proceeding from the banks, determined to deal with the crisis in his own way. Dibbs was at the head of a strong Government, and formed a committee of the Cabinet to deal with the situation. The chief embarrassment lay with the banks themselves, who in the moment of supreme difficulty were unable to lay aside their mutual jealousies, and whose directors were unnerved by the swift march of destruction. Without troubling further about the banks, Dibbs, on 27th April 1893, introduced a Bill into the Legislative Assembly making bank-notes legal tender, and a first charge on the assets of the bank issuing them. The legal tender provision was to be in force for one year, and for six months after the expiry of that period

the Government became responsible for the payment of the notes of any bank which failed to meet its issue in gold. The measure became law on 3rd May. The provisions of the new Act could be extended to any bank by proclamation, provided the Governor was satisfied that the assets of that bank exceeded its liabilities by the amount of its paid-up capital and reserved profits ; but it was not intended that the Act should be applied to any bank unless this was desired by the management, although it was fully expected that the banks would be glad to apply to be brought under its provisions. Accordingly the duty of arranging for the necessary declarations as to the sufficiency of assets was entrusted to the writer, as Government Statistician, who at once entered into confidential discussions with the banks, so that they might all have the benefit of the Act, and all have it at the same time.

Meanwhile in Sydney the Government, having made bank-notes legal tender, was very solicitous that there should be no further failures. At the time of the passing of the Act there were still nine banks operating in the colony—three New South Wales banks, the Bank of New South Wales, the Commercial Banking Company, and the City Bank ; two English banks, the Union and the Australasia ; the Bank of New Zealand ; two Queensland banks, the Queensland National and the North Queensland ; and the Royal Bank, whose headquarters were in Melbourne. The interests of the Bank of New Zealand, the Queensland banks, and the Royal Bank were comparatively small, and nothing that could happen in New South Wales could affect their stability ; the Government therefore concentrated its attention upon the other five, and the statistician saw the managers of these banks, explained the position and his solicitude lest there should be any further suspensions, and detailed the steps necessary for a bank to have the advantages given by the Bank Issue Act. These were that application should be made by the bank desiring these advantages, and that the principal officer should make a sworn declaration that to the best of his

knowledge and belief its assets exceeded its liabilities by at least the amount of its paid-up capital and reserved profits. The banks were also told that it was not the wish of the Government to force the acceptance of the Act on any bank not desirous of being included under it. One bank was anxious to have its notes made legal tender ; the other four refused to accept the Act, and in order to avoid the necessity of proclaiming the notes of only one bank legal tender, the Government made a deposit with the bank in question, sufficiently large to enable it to meet all withdrawals of deposits that could be made for at least six months. The Government now felt greatly relieved at the thought that it would not be necessary to bring the Bank Issue Act into operation. The withdrawals of deposits from all the banks, however, continued, being quickened by the failure in Melbourne of the Colonial Bank on 6th May, and of the Bank of Victoria four days later, and very great uneasiness was felt in regard to the Commercial Banking Company of Sydney. This bank was looked upon as one of the best-managed and most flourishing institutions of Australia, and was accustomed to pay its shareholders yearly dividends at the rate of 17½ per cent ; its capital was £600,000, but there were reserved profits amounting to over £900,000. The bank had liabilities to the public of £12,500,000, but unlike many of the other banks its deposits in the United Kingdom were extremely small, representing not more than 4 per cent of the total ; its business had been so successful that in spite of paying large dividends it had been able to write down its securities to below their real value. On 12th May, and again on the following day, the Premier of New South Wales had made an urgent request to the chairman that he should apply under the Bank Issue Act to have the notes of the bank declared legal tender ; but the controlling powers of the bank had lost their nerve, and had determined to suspend business and reconstruct. This determination was made known to the Premier on 13th May, and the Premier and Attorney-General on behalf of

the Government drew up a strong appeal, addressed to the chairman and directors, against the suspension of the bank's business, and stigmatized such suspension as an offence against the well-being of the State. This protest was delivered to the Government Statistician, to be handed personally to the manager as soon as possible after the opening of business on the morning of Monday, 15th May ; but before it was delivered, notice of suspension had been sent to the branch banks, and on 16th May the Commercial Banking Company closed its doors. On the day preceding, the Queensland National Bank, with liabilities of about 10 millions, and the Bank of North Queensland had also suspended, and the City of Melbourne Bank and the Royal Bank of Queensland followed on 17th May.

As soon as the Government of New South Wales learnt that the Commercial Banking Company intended to suspend, it determined to proclaim the notes of the Bank of New South Wales, the City Bank of Sydney, the Union Bank of Australia, and the Bank of Australasia, legal tender, whether the management of those banks desired it or not. During the night of 15th May there was almost a panic in banking circles throughout Australia ; the four banks named, three of them after some demur, made the necessary declarations required by the Act ; and on 16th May, almost simultaneously with the notice of the suspension of the Commercial Banking Company, a proclamation was issued declaring the notes of the four banks legal tender. This was the end of the crisis so far as concerned New South Wales. The withdrawal of deposits continued for a day or two longer, the banks meeting the demands upon them in their own notes, and then the public recognized that the risk was the same whether they allowed their deposits to remain in the banks or withdrew them in bank-notes, while in the one case they retained the interest and in the other they lost it.

The crisis was almost at an end in Melbourne and Brisbane. In Adelaide and Hobart it had already run its

course, while Western Australia had remained unaffected by the disturbances of the eastern colonies. Ten banks only remained standing in Australia : the Bank of Australasia and the Union Bank of Australia, both English banks ; the Bank of New South Wales and the City Bank of Sydney, New South Wales institutions ; the Bank of New Zealand ; the Royal Bank of Australia, a small Victorian company ; the Bank of Adelaide, the Bank of Western Australia, the Commercial Bank of Tasmania, and the National Bank of Tasmania. The three first named had large interests in all the colonies. No amount of withdrawals could weaken their gold position in Sydney, as all payments were made in legal tender notes, and the banks were in a position to send the gold accumulated in Sydney to any other colony where it might be needed, or to help any other bank that stood in jeopardy. This was speedily recognized, the withdrawals ceased, and the people who had hoarded gold returned it into circulation or to their accounts in the various banks.

The capital and reserves of the suspended banks amounted to 14 millions, and excluding the New Zealand banks, whose interests in Australia were very slight, the capital and reserves of the non-suspending banks were £9,200,000, of which £7,650,000 belonged to the four banks whose notes were legal tender in New South Wales. It was therefore certain there would be no further failures in New South Wales, and the Government proceeded to complete its work of relieving business from some of the difficulties arising out of the suspensions.

A second measure, called the Current Account Depositors Act, was passed on 26th May 1893. This authorized the Government to advance Treasury notes to the extent of half the amount of the current accounts locked up in the suspended banks. These notes were made payable in gold upon presentation at the Treasury on the expiration of five years from the passing of the Act or of such shorter time as might be notified ; during this period the notes were declared legal tender. As security

for any advance made against a current account, the Treasurer was to hold the certificate of deposit for the full amount, and be entitled to all dividends, profits or interest that might accrue in respect of such deposit. The current accounts in New South Wales with the banks that had suspended payment amounted to £4,794,000, and the Government therefore made itself liable for half that sum ; but owing to the speedy reconstruction of these banks, and the release of the current accounts, the demand for Treasury notes was not more than £358,000, and these were practically all redeemed during 1893.

A third measure passed by the New South Wales Parliament was an Act, assented to on 9th April 1894, making the notes of twelve banks, trading in the colony, legal tender, except at the chief offices of the banks in Sydney. The Act was to run for eighteen months, and during that time each of the banks was empowered to issue notes to the extent of the coin and gold bullion held by it in New South Wales, and of one-third of the paid-up capital, provided such capital did not exceed 2 millions ; but the total issue in the colony of any bank was restricted to one million pounds. This measure was passed in the interests of the reconstructed banks, and violated the elementary principles of sound finance. No inquiry was made as to the solvency or otherwise of the banks that had failed, and it was obvious that some of them were in a precarious condition at the time of their suspension ; and to allow the issue of notes against paid-up capital, while ignoring the location of such capital, had the effect of giving to two banks whose head office was not in the colony the right to issue notes in excess of their net assets in New South Wales. However, the time for which the Act was passed expired without any harm arising from its operation.

VICTORIA

At the beginning of this period business in Victoria was in a very sound condition, and Melbourne was admittedly

the financial centre of the continent. In 1872 the deposits in Victorian banks were about £11,500,000, a sum little short of half the total deposits of all the banks operating in the six colonies, while the advances amounted to nearly £13,250,000, so that the banks were able to employ the whole of their deposits and the bulk of their capital in their local business. During the four succeeding years the prosperity of the colony continued unchecked, and in 1876 the deposits with the banks amounted to £14,850,000, and the advances to £19,138,000 ; the banks held £4,000,000 in gold, so that the excess of advances over deposits, together with the gold, largely exceeded the paid-up capital, and it may therefore be concluded that the banks operating in Victoria were, even thus early, using external capital in their business. The greater part of this capital represented deposits diverted from the neighbouring colonies, where they could be less profitably or safely employed.

The first check to the prosperity of Victoria came in 1877, when business was depressed through over-trading in the preceding year ; the harvest was affected by rust, and the farming interests suffered considerably. There was a marked revival in the demand for money during 1876, and the deposit and discount rates were raised, the former in order to obtain funds to meet withdrawals of money required by the other colonies, and the latter to keep down the demand for money, which was being freely made to finance investments in the Riverine districts of New South Wales.

The finances of the Government were not well handled ; the public revenue fell short of the expenditure, and Victorian securities domiciled in London dropped considerably, the 4 per cents falling from £96 : 10s. to £92 : 10s. in the course of a few weeks. During the years 1872-1876 landed property had greatly increased in value, but throughout the greater part of 1878 it became unsaleable except at greatly reduced prices. Bank stocks fell out of favour, some of the weaker stocks depreciating as much

as 20 per cent. There was manifest distrust in some of the smaller financial institutions; early in 1879 the Provincial and Suburban Bank of Melbourne failed, and in June the Australian and European Bank. There was a little later a run on the City of Melbourne Bank, but this was successfully met, the larger banks lending their aid. The two insolvent banks were small bodies recently established, and their disappearance did not affect the public confidence in the older and larger institutions.

In March 1879 the Government obtained a loan of £3,000,000; but this did not relieve the stringency of the money market; throughout the year the banks were paying 4, 5, and 6 per cent for deposits for three, six, or twelve months, and charging their customers from 8 to 10 per cent for accommodation. They restricted their advances mainly to squatters and clients engaged in trade; small men and agriculturists found it very difficult to obtain advances, and the idea began to gain ground that for the proper development of the agricultural interests it would be necessary to establish land banks. As local capital was not available in sufficient quantity, steps should be taken to obtain English capital for this purpose. This was a matter very frequently discussed in the Press. Towards the end of October 1879, however, there was a marked improvement in trade, due to the certainty of an excellent harvest being obtained, and this was followed by an advance in the price of wool, so that monetary conditions became much easier. The chief drawback to the progress of the colony was the bad state of the finances of the Government, and when Service became Premier in March 1880, it was estimated that there would be a deficit for the financial year of over £660,000, in spite of the increased taxation that had been granted by Parliament.

The improvement in trade brought a large accession of business to the banks, with the result that early in 1880 their deposit rates were lowered to 3, 4, and 5 per cent, and discount rates to 7, 8, and 9 per cent; and in August the deposit rates were brought down to 2, 3, and 4 per

cent. Towards the end of September the Government obtained a loan of £2,000,000 on what were considered very favourable terms. This helped to ease the monetary situation, and though the banks did not change their nominal rates of discount, they were making advances for three and four months at 6 and 7 per cent.

During 1880 the bank deposits had gradually increased while advances had decreased, so that in December of that year the two were nearly on a level. This was largely due to the excellent returns obtained by the farmers and graziers, which enabled them to pay off their overdrafts with the banks, but there was another reason for the decrease in advances. Several British loan and mortgage companies had recently established themselves in Victoria; these had entered on the business of lending money to squatters, and as their terms were more favourable to the borrowers, they secured a considerable share of business to the detriment of the banks. The loan and mortgage companies did not, at this time, accept deposits, which were left for the banks; but the intrusion into the loan business brought about an extreme plethora of money, and in March 1881 the banks found themselves with over 2 millions of deposits in excess of their advances, their capital and reserves lying unemployed. At the half-yearly meeting of the Commercial Bank on 1st February 1881, the chairman said the bank "was not peculiar in having a large surplus capital to get out, because all the other banks were in the same position of having too much money on hand." On the same day the associated banks lowered deposit rates to 2 per cent for three months, and 3 per cent for a longer period; a month later the rates were fixed at 2 per cent for three months, $2\frac{1}{2}$ per cent for six, and 3 per cent for twelve months. In May the chairman of the National Bank of Australasia repeated the tale of too plentiful money, which was "a great strain on the management." What was popularly known throughout Australia as the boom may be said to date from this period.

The conditions complained of by the bankers, that
VOL. III

they had a large amount of idle money owing to the lack of enterprise in the community, were due to economic causes. There was nothing in the conditions of production to warrant speculation ; the increase of population was comparatively slight, and there was no great demand for land for purposes of settlement. The obvious want of the colony was improved means of communication, so as to make accessible to the seaboard land already in a state of partial development. This want did not admit of being supplied by private persons ; it was entirely a matter for the Government. Nevertheless the banks continued to preach the necessity for more enterprise, and their words did not fall upon unwilling ears. During the second quarter of 1881 the advances made by the banks were increased by nearly $1\frac{1}{2}$ millions, while the additional deposits received by them amounted to about half a million. The market in real estate became active, investors giving their principal attention to station properties and stock, and properties in the city of Melbourne. As the year advanced, a large number of public companies were formed to deal in property, and some existing companies enlarged their capital and extended their business. One of the most important of the new companies was the Federal Bank of Australia, with its ally the Federal Building Society. The bank was a bank of issue and deposit, with a "savings" branch, but in its early years it was concerned largely with the transactions of the Federal Building Society. The Commercial Bank of Australia and the City of Melbourne Bank now increased their capital considerably. Another bank was established during the year, and many smaller mercantile concerns. There was a marked revival of mining at Ballarat, owing to a stimulated interest in mining shares ; the flotation of new gold-mining companies was very frequent, and many tin and copper mines in the neighbouring colonies, which were held up for lack of capital, were strongly supported by the Melbourne Stock Exchange. :

This general expansion of business absorbed most of the spare money in the hands of the banks, and in November 1881 the associated banks, following the example of those in Sydney, raised the interest on deposits to 2, 3, and 4 per cent. Under this stimulus there was a large increase in the deposits, but the advances of the banks more than kept pace with their fresh resources.

Early in 1882 conditions of drought prevailed in Victoria, especially in the north and north-western plains, where the land was largely occupied by selectors. This lessened the demand for country land, but that for land in Melbourne continued to be very brisk. Financiers also gave their attention to the acquisition of sugar plantations in Queensland and squatting stations in that colony and in the Riverina district of New South Wales. All these transactions required financing. By the middle of 1882 the advances of Victorian banks had reached about £24,500,000, and far from having unused deposits on their hands, the banks were now employing about 5 millions of additional capital. In August 1882, therefore, deposit rates were raised to 3, 4, and 5 per cent, and the minimum discount rate to 6 per cent. This caused no check to land sales. The newspapers teemed with notices of sales, the terms offered being usually from one-tenth to one-third of the purchase money in cash, the balance in bills payable in three, six, twelve, and sometimes eighteen months, and bearing 6 or 7 per cent interest. Promotion of mining companies and speculation in the shares of such companies also went on, and on one day in September 1882 the daily papers contained notices of calls made by three hundred different gold-mining companies; on the same day there were notifications of seventeen gold-mining dividends, and the proportion between the companies making calls and those paying dividends is pretty fairly represented by these figures. The nominal value of the shares in mining companies was as a rule very small, and the calls made varied between $\frac{1}{2}$ d. and 1s. per share, so that speculation was within

the reach of almost every one and was correspondingly popular.

The great demand for accommodation induced the banks to endeavour to add to their resources; in November 1882 the deposit rates were raised to $3\frac{1}{2}$, $4\frac{1}{2}$, and 5 per cent, and the discount rates to 7 and 8 per cent, and from 1st January 1883 the interest allowed on deposits was further advanced to 4, 5, and 6 per cent. In spite of these tempting rates the banks were unable to get sufficient money for their requirements, and several of them, having offices in London, exerted themselves to obtain deposits in the United Kingdom. They were able to obtain these without much difficulty. British capital was also being introduced at this time in fairly large amounts by the Anglo-Australian mortgage companies, and by this means the companies in question were able to satisfy the demands of their fast-increasing business.

The advance made by the banks in their deposit rates forced the local financial companies to offer their clients even better terms, and the deposit rates allowed by the mortgage and building societies ranged from 4 per cent at call or short notice to 7 per cent for sums fixed for a year or more; some companies indeed were offering 5 per cent for money at call. But these inducements were scarcely sufficient to bring to their coffers enough money for their requirements, and their management looked longingly towards the inexhaustible field offered them in England. Addressing his shareholders early in 1883, the chairman of the Land Mortgage Bank spoke of the advisability of obtaining a new charter in England, "which will enable the bank to obtain plenty of money in London at a much cheaper rate than it can be obtained in Melbourne, which will not be subject to the fluctuations of the local money market." The Land Mortgage Bank was only one of many, and even the local banks of issue not already in London were following the same course.

The unsatisfactory condition of the public revenue, however, hampered the financial institutions of Melbourne. The Government had attempted in January 1883 to place a loan for 4 millions in London, but not more than 10 per cent was offered, and it was not until March that the whole sum was secured. Meanwhile the banks found themselves compelled to restrict their advances, and the tightness of money caused almost a panic on the Melbourne Stock Exchange. When the Government at last obtained its loan, and was thus able to liquidate its indebtedness, the banks were again in a position to expand their advances. They could not, of course, meet all the calls made upon them, for the demand for money was, to use their own expression, "illimitable and insatiable."

All the banks were making large profits. Hitherto the usual banking dividend had been 8 per cent, but after 1883 dividends of 10, 12½, and 14 per cent became common, and the institutions concerned attributed this satisfactory change to their possession of so much British money, the deposits obtained in London up to September amounting in 1883 to between 8 and 9 millions, most of which was employed in Melbourne.

An analysis of the figures relating to production and oversea trade discloses no sufficient reason for the large increase in the demand for banking facilities which have just been indicated; the explanation of which will be found in the vast expansion of transactions in real estate. Throughout the year the auctioneers of Melbourne held weekly sales of property in the city itself and in the surrounding suburbs, several auctions being frequently held on the same day. In order to effect sales, credit was extended over much longer periods than formerly, the auctioneers' advertisements grew more and more seductive, and champagne luncheons were held out as an inducement to secure the attendance of the public. During 1883 these sales were so far successful that there were usually purchasers for the whole of the land offered, but

a large proportion of these were speculators. The interest in mining shares was less than in the preceding year, as there had been a decline in the gold yield and in the dividends paid. The Stock Exchange was, however, kept busy in other ways; the increase in the dividends had created an important market for bank shares, and the shares of other financial concerns were also in great demand. The land and mortgage companies were already paying handsome dividends, and their business lost nothing in importance from the frequent complaints of the banks of issue, concerning the growing competition to which they were exposed from other financial associations.

The harvest of 1883–84 was very good, and the return from the wool clip, which came to hand at the end of 1883 or the beginning of 1884, was much larger than in the previous year; to these elements of prosperity was added the successful placing of a loan by the Government in January 1884. All these things contributed to the encouragement of land speculation and the increase of dealings on the Stock Exchange, so that the banks were able to maintain the high rates charged to borrowers. Public confidence received a slight shock in April 1884, when the Oriental Bank suspended payment. This bank had a considerable business in Victoria, where its deposits amounted to nearly £1,000,000, but its shares were not owned to any extent in the colony or in any part of Australia. The business of the bank in Victoria was sound, and the failure was due to the management of its affairs in the Mauritius, which had roused the suspicions of British creditors. The local depositors experienced some inconvenience, but the bank was reconstructed, and continued to have a diminished business in Australia for some years longer.

The quest for deposits in England by the Australian banks proved so successful that there was no possibility of transferring their balances to Australia except by direct remittances. Early in 1884 £1,000,000 in gold was

withdrawn from the Bank of England and sent to Australia, and as the year wore on the banks drew other large sums from England. While this was being done, deposits were freely offered locally, and in July 1884 the banks were able to reduce deposit rates to $3\frac{1}{2}$, $4\frac{1}{2}$, and $5\frac{1}{2}$ per cent, and in September a further reduction of $\frac{1}{2}$ per cent was made.

The year 1884 proved adverse to the grazing interests, and a drought prevailed with more or less intensity over the entire continent, the immediate result being that the Victorian squatters, and persons in Melbourne who were interested in pastoral properties in New South Wales and Queensland, made heavy demands for accommodation on the mortgage companies and the banks. Another and almost immediate result of the drought was to turn land speculation and investment from squatting properties and concentrate it upon town and suburban property, and in Melbourne the sales went on with undiminished vigour. On the Stock Exchange business was active in the shares of all kinds of finance and land companies, and in the latter half of 1884 there was a strong revival of interest in mining shares, due to some increase in the gold yield.

The drought continued with little abatement during 1885, affecting very seriously the quality and amount of the wool clip. The price of wool fell also, and as a consequence the banks did not meet with the relief they usually obtained at the beginning of the year when the proceeds of the wool sales became available. Had it not been for the large increase in English deposits there would have been a considerable monetary stringency throughout Australia. The discount rates were maintained during the whole year at 7, 8, and 9 per cent. Notwithstanding the unsatisfactory condition of the great producing interests of the colony, sales of land in Melbourne and the neighbourhood continued unchecked. New suburbs were opened up, and speculation in land became a positive mania. The auctioneers had, however, to recognize the tightness of the money market, and the credit terms allowed to purchasers reflected the monetary conditions of the time.

At the end of the year building lots were advertised for sale, with eighteen months' credit, without interest ; this, of course, was not the prevailing condition of sales, 5 per cent interest being generally demanded on deferred payments.

While there was no loss of confidence on the part of speculators that land values would rise still higher, there was a very large falling off in land sales at the beginning of 1886, but there was no downward movement of prices. The large amount of money locked up in unutilized land during the years between 1881 and 1885 was a strain on the colony, whose resources had not only not been replenished, but had been greatly reduced owing to the serious drought. The extent of this reduction may be surmised from the fact that the value of the exports of Victorian produce fell from £12,452,000 in 1885 to £9,055,000 in 1886. The drought continued during the first four months of 1886, but in May heavy rains fell, and the drought was completely broken up. The change, however, gave no immediate impetus to business. It had come too late for the autumn lambing, and its effects on the harvest, the spring lambing, and the wool clip would not be felt until the following year. Meanwhile the Victorian banks had heavy calls upon them from the other colonies, where the drought had been most severe and where their interests were very large. To meet these demands they withdrew some of their money from Melbourne, and to replace this they raised their deposit rates.

There was serious disagreement amongst the banks as to the policy of the change, and for a few months the concert between them was interrupted and not again renewed until the close of the year, when a new association of banks of issue was formed, embracing the principal banks of all the colonies, and aiming at the regulation of the rates of interest and the determining of the minimum rates of discount. The fixing of the rates of exchange, however, was excluded from the operations of the association, as these rates were largely influenced by the extent

to which the banks were operating in London and receiving money there on deposit.

During 1886 a large amount of English capital was brought to the colony. The Victorian Government obtained a loan of £1,500,000, the Harbour Trust Commissioners £732,000, the Melbourne Tramway Company £1,000,000, and land and mortgage companies about the same amount. The banks continued to exert themselves to secure money on deposit from England and Scotland, and with considerable success; in this business the land and investment companies were strong competitors.

The development of silver and lead mining at Broken Hill was largely financed from Melbourne, although the mines themselves were in New South Wales, and throughout the greater part of the year there was much activity on the Stock Exchange. The certainty of a good harvest, a rise in the price of wool, activity on the Stock Exchange, and large importations of capital all combined to make a buoyant money market at the end of 1886. During 1887 there was a great revival of business, and the land boom again broke out with renewed vehemence. But the boom was not in land alone. Many new companies were floated and private businesses formed into companies with much increased capital. As for land and mortgage companies, they could be numbered by the hundred. Many of the latter, especially those formed to deal in land, set out with a very large nominal capital, and as it was impossible to obtain in Victoria money to carry out their ambitious programmes, or even in some cases to obtain sufficient for their working necessities, recourse was had to London. During this year capital to the extent of 5 millions was obtained by land and mortgage companies alone, their shares and debentures being taken up readily in London, where there was a very large amount of money awaiting investment. Others besides the land companies made successful issues in London, and various Victorian municipalities, as well as tramway and gas companies, were able to obtain money on very good terms.

On the Melbourne Stock Exchange the shares of land and financial companies were received very favourably, and the business in what were known as "investment securities" was extremely brisk. The promoters of these companies were able to pose not merely as successful financiers, but as public benefactors also, tapping sources of wealth hitherto undreamt of. With what just satisfaction shareholders viewed their investments will be seen later on, but here it may be remarked that from 1st March to 1st July 1887 the shares of thirty companies increased in total value from £9,600,000 to £11,500,000, which was certainly remarkable, seeing that during these four months not a few of them had done no more than furnish their offices. In their public utterances at this time the philanthropic promoters of some of these companies emphasized their desire that the benefits of their enterprise and talents should not be confined to the already well-to-do, but that they should be extended even to the comparatively poor, and the shares were made payable in such a way that almost any one could join in the scramble for profits from land. One of the most notable of these companies was the Real Estate Bank, formed in May 1887, with an authorized capital of £1,000,000, part of which consisted of "progressive" shares, upon which 1s. was payable on allotment and 1s. per month afterwards until 50s. had been paid. The prospectus stated that the bank was founded "for the purpose of enabling the industrial and thrifty classes to participate in the distribution of real estate, or secure a portion of the large profits which are made by purchasing land in large quantities and selling the same in moderate-sized farms or allotments."

The second land boom for a while principally affected the city of Melbourne proper, where the leading streets underwent a rapid transformation, buildings of two or three stories giving place to structures of six, eight, or even ten stories. This change was accompanied, of course, by a large advance in site values, and the increased prices which building lots yielded early in 1887 were, in a sense, fully

justified. The development of the suburbs, too, which had been going on gradually, received an impetus from the increased prosperity of the community, and there was a genuine demand for houses in all desirable localities. But it was not long before the spirit of speculation dominated the market, and the genuine purchaser disappeared, his place being taken by the pure speculator, who desired to take the profits of his purchase as soon as he could obtain them.

During 1887 the price of property in Collins Street and Queen Street advanced 50 to 100 per cent, and sales were made at £1500 to £2000 per foot frontage and sometimes as high as £3000. A block of land at the corner of Collins Street and Spencer Street changed hands five times during the year, selling for £59,000 on the first occasion and £92,000 on the last. Another block in Little Collins Street and Elizabeth Street rose in price from £68,000 to £98,000. In September 1887 the property of the Australasian Mortgage and Agency Company in Collins and Flinders Streets was valued for the balance-sheet at £64,921, but during the next half-year it was sold for three times that amount. In the suburbs of Melbourne the rise in prices was almost as extraordinary. Large estates were bought, subdivided, offered at auction, and sold at prices which yielded 30 to 100 per cent profit to the seller, all these transactions taking only a few weeks to complete. This process went on at Armadale, Malvern, Toorak, and Glen Iris on the south of Melbourne, and at Preston, Heidelberg, and Coburg on the north. The land companies, some of the building societies, many of the so-called banks, as well as private persons and syndicates, were engaged in the business of buying and selling land, and in their eager competition they revived the most objectionable features of the earlier boom : free conveyances carried people to the sales, champagne lunches gave them courage to bid, and extraordinary terms of credit reconciled them to their purchases.

The position of the regular banks with regard to transac-

tions in land was the subject of much discussion at the time. All the chartered banks and some of those under special Acts were forbidden to lend money on mortgage in anticipation of a debt to be incurred, though they were allowed to take mortgages as collateral security for debts already existing. This matter was one of the points considered by a Banking Commission which reported in June 1887. The Commission was in favour of the withdrawal of this restriction, which was commonly believed to be practically disregarded, and a measure was introduced into Parliament in October 1887 to give effect to this recommendation, but fortunately it did not become law. The Commission was appointed primarily to consider the question of note issues, whether these should be made a first charge on the assets of a bank, or whether the banks should be required to hold Government securities to cover their issues. It recommended the former plan, which was sanctioned by Parliament in 1889.

The Building Societies Act permitted registered societies to deal in freehold land and property, if that course were sanctioned by a resolution of its members. During 1887 a number of building societies, seeing the large profits which were being made out of transactions in land, adopted this course, and some years later there were very few left that had been able to resist the temptation to depart from their proper business and become land jobbers. The financial companies naturally found the speculation in land much to their taste, and some of them carried it on to an extent which quite overshadowed their more legitimate business ; thus in 1887 we find the Mercantile Finance, Trustees, and Agency Company with a capital of £600,000 selling Melbourne suburban land estimated at a value of over £1,000,000 sterling, and other companies of the same class doing business short of this, but still of great magnitude. Nor was the traffic in country lands despised. These lands were sometimes dealt with by the land and finance companies, sometimes by companies specially formed to deal with a particular estate, but however disposed of,

the terms of sale were considered very liberal and tempting to would-be purchasers. A not uncommon form of purchase was for 10 per cent of the purchase price to be paid in cash, 5 per cent in six months, and the remainder spread over a period of seven years, with interest at 6 per cent. Sometimes the payments were not extended over a longer period than two or three years, but practically none of the sales were for cash.

This mode of disposing of land contributed greatly to the inflation of prices, as buyers hoped to sell again at a profit before they were obliged to pay anything more than 10 per cent of the purchase money ; meanwhile they did nothing to improve the land to which they had gained a title. As early as May 1887 building lots were advertised for sale with a "guarantee" that "in a few months their value would be increased by 20 or 30 per cent," and many persons bought on this expectation. The great increase in the price of land thus brought about was used by many companies to swell the declared profits, even in cases where there had been no actual sales effected, or only of a few allotments and these on the deferred payment system. The case of the Colonial Investment and Agency Company may be cited as an illustration of the common practice. This company was formed in 1886, and in December it declared a profit for the half-year of £29,071, of which £12,000 represented, as the chairman explained, "not actual profits realized by the transactions of the company, but an increase in the value of their freehold properties." In many cases the distinction between actual and possible profits was not made clear, and the money was divided without remark.

Apart from land, business generally greatly improved during 1887. The drought had disappeared and the country showed once more its great power of recuperation. The harvest promised well, and the wool-clip was larger than was anticipated. Throughout the year there was very great activity in the building trades, and the mercantile community, after a period of slackness which was carried

over from the preceding year to the earlier months of 1887, found their business again on a profitable basis. All this was reflected in the banking business of the colony. In the middle of January 1887 the banks had lowered deposit rates to 3, 4, and 5 per cent. In spite of this, however, the deposits increased in the first three months of the year by $2\frac{1}{2}$ millions; in the same period there was a decrease in advances of nearly a million. The increase in the money offered to the banks continued during the second quarter, and in August the rates were lowered to 2, 3, and 4 per cent. It was not chiefly the producing interests of the country which caused this financial ease. A considerable amount of capital was sent out from England during the year, and a large portion of this came through the investment companies, whose advances reduced the demands made on the banks. Large sums were spent by the Government and the municipal corporations on public works, and by the tramway companies; all these combined to add greatly to the general appearance of prosperity.

For the Melbourne Stock Exchange the year 1887 was one of great activity, but it was as nothing compared with what was to follow. In December a very valuable silver lode was discovered on the Broken Hill Proprietary Mine, and, when the Stock Exchange reopened after the Christmas holidays, a most extraordinary boom in silver-mining shares commenced and shares in the Broken Hill Proprietary rose by leaps and bounds. On 3rd January 1888 the ordinary £100 shares in this company sold at £176; a month later they were at £376, rising sometimes £20 or £30 in a single day. The closing days of January were days of the most intense and feverish excitement, not on account of any important new discoveries, but because a fever of speculation in silver-mining shares had seized the market. Numbers of new companies were floated, and in very many cases the shares were bought at a high premium long before the mines had been proved to be capable of paying any dividend at all. No other

mine yielded such remarkable results as the Proprietary, nor was there such eager buying of their shares, but there was a very rapid advance in the price of shares in the South Broken Hill, the British, and the Central, with a number of other mines that gave or promised good returns.

The activity on the Exchange all through January was so great that the sittings were practically continuous, and, in order to transact the necessary formalities of business, the brokers' offices were sometimes kept open all night. Stock Exchange speculation was not confined to mining shares; estate and financial companies, and indeed all sorts of ventures were dealt in. It raged through January, February, and the opening week of March, and then gradually eased off, and when the Exchange opened after the Easter holidays, the silver boom, as it was called, was not renewed. In this remarkable outburst every part of Australia participated, brokers receiving buying commissions not only from Sydney, Adelaide, and other cities, but from distant corners of the bush, as well as from New Zealand and remote Fiji.

During April and May much more reasonable views of the values of mining properties prevailed, and the shares of the Proprietary Mine fell to £240 and other shares somewhat similarly. In a few weeks the market value of the Broken Hill mines, whose shares were quoted on the Stock Exchange, fell about 9 millions, and the depression which ensued seemed likely to turn to a panic.

During the mining boom attention was to some extent diverted from the land market. Within the city of Melbourne it seemed as if prices had reached their maximum, at least for a time, and owners, unable to find buyers willing to pay advanced prices, were holding their land. The sales of suburban land, however, went on uninterruptedly in spite of the mining boom, and the daily papers teemed with auctioneers' notices, thirty or more large subdivisions being sometimes offered in the same week. With so much land offered for sale, it was extraordinary that prices were so well sustained.

To share in the advantage to be derived from the recrudescence of the land boom several large "land banks" were formed in the early part of 1888. These stimulated the sale of suburban property, very extraordinary prices were sometimes obtained, and land around Melbourne became much dearer than land within the same distance of London. In April 1888 land nine or ten miles out of Melbourne was selling in large blocks at £600 per acre, while, subdivided into small building allotments, the same land reached £1000 per acre. Fortunes were made by single transactions in large estates. A block of $2\frac{1}{2}$ acres with buildings upon it, on the south side of the Yarra, sold for £100,000, and $3\frac{3}{4}$ acres of land lower down, with buildings for storing timber, sold for £80,000. A few years previously the Government had sold these blocks for £5000 and £6000 respectively. Land on the parade at St. Kilda sold at £3960 per acre, and at Malvern a block of land sold for £6000 per acre. About six or seven thousand houses were built during 1888, and few habitable houses were unoccupied.

The land boom was not limited in its operation to the near neighbourhood of Melbourne. Land fifteen to thirty miles away, which could not yield more than 5 per cent on a value of £25 per acre for any conceivable purpose, was freely sold at £100 to £250. The larger towns like Ballarat and Geelong shared in the speculative rise in the value of property. A block of buildings on the wharf at Geelong, bought for £7000, sold a fortnight later for £10,000; in Ballarat land sold at £102 per foot frontage, and at Sale, in Gippsland, property had doubled in value in little more than twelve months. These are not isolated examples, the whole colony was feeling the stimulus of the boom.

The condition of business in Melbourne during the early part of 1888 may be gathered from the volume of cheques and bills payable passing through the clearing-house; in 1887 this had averaged about £3,600,000 per week as compared with about £6,000,000 in 1888. A great part of this increase was of course due to the mining boom, but after

the boom had subsided the bank clearances were still large owing to transactions in land.

The conversion of Consols which was begun in April 1888 favourably affected the market for Australian Government securities, and English money flowed freely to other Australian investments, those of Victoria being looked upon with special favour. Early in 1888 the London *Economist* estimated that in the two preceding years more than $37\frac{1}{4}$ millions of English money had gone to Australia, of which about one-half was obtained by banks or other financial concerns, the other half being in the shape of Government loans. It is not therefore surprising that, although the Victorian banks had increased their advances by 5 millions during the year ended March 1888, they still had abundance of money; indeed some of them found it was not without difficulty that they could lend on mortgage at $5\frac{1}{2}$ per cent, with good security, and at the annual review of the operations some of the leading banks complained of the narrow margin of profit with which they had to deal. Nevertheless there was no reduction of dividends, which still remained very large. More serious perhaps than the reduction in the margin of profit was the disturbance in the rates of exchange, and the export of gold to England had to be largely increased.

Of the 18 millions which reached Australia through financial institutions during 1886 and 1887 a large share, perhaps 6 or 7 millions, came through the land and mortgage companies, who by this means were able to maintain an easy feeling in the money market outside the control of the banks. The proceedings of some of these institutions were of a most amazing character. The United Colonial Land Investment Company held its first general meeting on 23rd May 1888. It had a nominal capital of £1,000,000, but only 100,000 shares had been placed, and on these £60,000 had been paid up, the remaining £40,000 being due for payment on the day of the meeting. The directors recommended a dividend of 8s. per share, which was agreed to, and by a

cross entry in its books the capital of the company was declared paid up. The dividend was therefore equivalent to 66½ per cent, and yet the company had sold no land. The ability to pay so great a dividend was accounted for by the purchase of property in Sydney for £410,000, the greater part of which, it was alleged, could be met by selling a portion of this property. The Investment Company of Victoria held its half-yearly meeting shortly afterwards, and the managing director stated that with an available capital of only £7500 they were able to show "the very handsome profit of £24,717, after writing off all the preliminary expenses of forming the Company." In June 1888 the Mercantile Finance, Trustees, and Agency Company showed a net profit balance of £172,340 for the half-year, and declared a dividend of 50 per cent, of which a part was paid in new shares. These were not in any sense extreme cases, but were typical of the whole class to which they belonged, and indicate the state of mind of the entire community, which showed perfect willingness to allow its money to be employed in a reckless gamble for exorbitant profits.

The formation of new companies went on without cessation, and there seemed no limit to the amount of capital which could be raised. A Parliamentary return of companies registered in Victoria under the Companies' Statute for the year ending May 1888 showed that their number was 270, with an aggregate nominal capital of £52,000,000. Of these institutions, forty-five were finance and agency companies with a capital of £14,877,000; sixty-seven were land companies with a capital of £12,082,000; trading companies with a capital of £12,892,000; and twenty mining companies had a capital of £3,769,000. The small number of mining companies was due to the fact that very few of the silver-mining shares dealt in in Melbourne were registered in Victoria. The amount of capital actually subscribed and that paid up were not given in the return, and it may be presumed that these must have fallen far short of the nominal capital;

nevertheless the amount far exceeded all the reasonable requirements of the community, and it appeared subsequently that much of the so-called "paid-up" capital had never been paid for. During June and July 1888 the flotation of companies went on almost as rapidly. On 6th July the Queensland Real Estate Bank Limited, with an authorized capital of £750,000, made its first issue of 7500 shares on which £2 : 10s. per share was called up; all the shares were taken up at once, in Melbourne and Brisbane. On the same day, among other new companies, the New Melbourne Property Company was floated with a capital of £500,000, of which the first issue of £250,000 was subscribed fully. In the same week another new company, the Melbourne Stock Exchange Agency and Banking Corporation, opened its lists for subscriptions, and its 1,200,000 shares were immediately applied for. In August the City and Suburban Investment and Banking Company came before the public. This was the largest land company ever projected in Australia; its nominal capital was £3,500,000 with a first issue of £500,000. The amount of nominal capital rather staggered investors; when the company was formed, part of the issue had to be taken by the underwriters, and thereafter the flotation of giant companies became more difficult.

The banking returns of June 1888 showed that during the second quarter there was an increase of deposits over the previous quarter of £1,250,000, while in advances there had been an increase of £2,750,000. The greater part of the increased deposits were at call, and the Melbourne bankers saw that if they were to be in a position to meet the demand for accommodation which they anticipated would be made upon them during the remainder of the year, they must largely increase their fixed deposits. They therefore desired to raise the deposit rates, but to this the Sydney bankers would not agree, and on their part suggested a curtailment of advances. The policy in Sydney was dictated by a consideration of the difficulties of exchange, which were daily increasing. In August 1888 the

selling rate for bills on London was raised from 10s. to 17s. 6d. premium; nevertheless the remittance of gold had to be kept up, which showed that the money borrowed in London was no longer equal to making up the interest and other charges, as well as the difference between the value of the enormous imports and the diminished exports. The extraordinary financial position of Victoria at the time is best illustrated by the trade returns of the three years 1886 to 1888 :

| Year. | Total Imports. | | Total Exports. | Excess of Imports. Million £. |
|------------|----------------|------------|----------------|-------------------------------------|
| | Million £. | Million £. | Million £. | Million £. |
| 1886 . . . | 18·5 | 11·8 | | 6·7 |
| 1887 . . . | 19·0 | 11·4 | | 7·6 |
| 1888 . . . | 24·0 | 13·9 | | 10·1 |

During these years the indebtedness of Victoria on public and private account necessitated an additional export of about £3,000,000 annually, so that if the colony had been simply paying its way there would have been a surplus of exports to the amount of 9 millions, but, as these figures show, there was on the contrary an excess of imports to the extent of 24·4 millions, and it is therefore plain that 33·4 millions of money must have been introduced during the period. This large importation of capital would in any case have tried the absorbent power of the commercial enterprises of the colony, but scarcely any of the newly formed companies used or proposed to use their capital in productive industry. How they employed their capital we have already seen, and while the land gamble continued in Melbourne rural enterprise was almost lifeless.

There was a slight lull in the business of land-selling towards the middle of 1888, but in September the auctioneers were as busy as ever, especially in disposing of suburban land. But there were signs that the end was near at hand and all attempts to force up the price of city property failed, although holders resolutely set themselves against making any sales except at a profit.

The returns for the September quarter showed that the banking position was growing weak. There was a

very slight increase in the deposits, while that in the advances was £2,500,000; the returns of the previous quarter were in the same direction. For the twelve months ending September 1888 there had been an increase of nearly 9 millions in the advances of the Victorian banks, and a great part of these advances had been made to speculators on the security of recently purchased land. While their business appeared so lucrative the banks did not care to curtail their advances, but as advices from London showed that there was likely to be great difficulty in obtaining money from that quarter, the Bank of England rate having been raised to 5 per cent, they determined to increase the local deposit rates, which were accordingly raised to 3, 4, and 5 per cent; at the same time the minimum discount rate was increased to 7 per cent. It was vital to the business of the mortgage and building societies that they, too, should obtain further deposits locally, but their deposit rates were already 6 or $6\frac{1}{2}$ per cent for twelve months, and could not be put any higher. The only way they could meet the increase in rates made by the banks was by endeavouring to secure part of the money usually left with the banks at call, and for this some of the societies offered as much as 4 per cent. This was the first contest between the banks and the other financial institutions to secure the command of local deposits, and its seriousness, so far as these latter were concerned, may be assumed from the fact that their deposits in September 1888 amounted to 9 millions, the greater part of which had been received during the previous eighteen months. The majority of depositors considered 5 per cent as much as they could possibly expect from the banks for money fixed for twelve months, and the mortgage and building societies were apprehensive lest the idea should transpire that anything higher might argue insecurity.

The banks now began also to exercise great caution in making advances, and this, coupled with the increase in the lending rates, greatly diminished the sales of land. The price of the shares in the land companies soon

reflected the altered conditions. During October 1888 there was a heavy fall in the market value of the shares of the Australian Finance Company, the Mercantile Finance Company, Arnold & Company, the Real Estate Company, and other important concerns. This was the first sign that the public at large recognized there was some change impending. In November it was obvious that the banks had begun to discriminate carefully between bills based on land transactions and ordinary mercantile bills, and some of the land companies and syndicates found it difficult to get money for their undertakings; those of them that received deposits—and few of them did not—raised their rates to 5, 6, and 7 per cent, as much as 5 per cent being given sometimes for money at call.

This frantic bid for money was not successful, and the pressure in the money market was so great towards the end of the year that the Government was urged to float the last £2,000,000 instalment of the authorized loan, in order to afford some relief. About the middle of December the Government decided to borrow £3,000,000 from London in January, and the prospect of this relief and the receipt of specie to a very considerable amount from Sydney temporarily eased the situation.

The close of the year 1888 saw practically the end of the land boom. In every sort of business, but especially in that relating to land, credit had been carried to such an excess that the nominal value of transactions had reached an incredible figure. Prices were swollen because no one intended to pay them until time had permitted of a resale at a much higher price. When this process was arrested suddenly, as it was when the banks began to discriminate between mercantile transactions and those affecting land, there was an immediate collapse, and those companies without reserves to fall back upon became insolvent at once.

Of many of these land companies it must be said that they began in fraud and remained fraudulent to the end. The common process was for a person to purchase or

acquire an option over an estate ; having done this his next step was to form a company to acquire the estate from himself, and of this company the promoter was usually chairman or managing director or held both offices. Shares in the company were taken up by what was locally termed a syndicate or ring and then placed on the market. In many cases the shares taken by the members of the ring were not all paid for ; nevertheless the flotation was made to appear a success and the shares usually went to a premium. A portion of the estate was then sold on long-deferred payments at a very high price, and the company estimated the value of the property remaining on its hands on the basis of the price obtained for the sold portion. The next step was to distribute a dividend on the strength of the profit thus assumed to have been made. After its first dividend the company usually took an early opportunity to make a fresh issue of shares at a premium ; this premium was nominally placed to reserve, but in reality it provided the ready money for another large dividend. The possession of deposits made the course of a company of this kind very smooth, at least for a time, and no company was so obscure that it failed to obtain some mark of public favour. It was not, however, at this period that the secrets of the financial companies were laid bare ; there was still a year or more before the end came.

The producing interests of the colony did not prosper during 1888 ; the farmers and pastoralists suffered more or less from drought, and there was a decrease in the gold yield. These circumstances and the monetary stringency of the concluding months of the year made the financial outlook at the beginning of 1889 very uncertain. The Stock Exchange in Melbourne, which generally reflected the conditions prevailing in the colony, was dull and apprehensive ; this was attributed at the time to a threatened strike of the miners at Broken Hill, and to the difficulties which some of the clients of the land companies, and some of these companies themselves, were

experiencing, in effecting a settlement of their land speculations. The banks were growing increasingly careful in regard to their advances, for the most part restricting accommodation to transactions of a purely mercantile character, and for the moment the public was inclined to be suspicious in all cases, owing to the very unsavoury revelations regarding the land transactions of some of the companies that had recently failed.

In January 1889 the Government obtained from London the loan of £3,000,000, and this released a fair amount of money in Melbourne, but there was no restoration of confidence, as the public mind was disturbed by the frequency of failure amongst public companies, involving in numerous instances great loss to shareholders. In February the affairs of the Investment Company and of the Royal Standard Investment Company were investigated, and it was found that in both cases the directors had sold land to their companies at a large profit. There followed a demand for an alteration in the law, so as to make such practices impossible.

Various efforts were made to stimulate an interest in land speculation but without success; seeing this, the more prudent of the companies that had engaged in land speculation now endeavoured to set their houses in order. Several of the building societies renounced their right to deal in freehold property, informing their shareholders and clients of their intention to confine themselves strictly to the business proper to their organization; and the land and mortgage companies, most of which during the boom period abandoned the real business for which they had been formed in favour of land speculation, made public announcements that they would devote themselves thenceforward solely to mortgage business. Some of these companies altered their names with their policy and presented themselves to the public in the guise of safe and cautious undertakings. In their changed form they sought, and in some cases were able to obtain in England and Scotland, large sums as additional share capital, deben-

tures, and deposits. Some of the companies that depended upon the local markets for money, failing assistance from the banks, made desperate efforts to secure deposits ; notorious amongst these was the Australian Mercantile Loan and Guarantee Company, which advertised rates of 6 per cent for three months' deposits, 7 per cent for six months', and 8 per cent for twelve months', with a bonus of 2 per cent on renewals for twelve months, and 1½ per cent for renewals of six months. No other company advertised quite such high rates, but many paid far more for their deposits than their business warranted, in the hope that the depression was merely temporary and that a favourable turn in the market would come and so enable them to sell their land at a good profit. With the financial companies paying such prices for money, it may well be imagined that the charges made to borrowers were very onerous ; 10 per cent was a very ordinary rate and 15 per cent was frequently demanded on certain classes of security.

At the end of March 1889 business on the Stock Exchange revived, especially in silver-mining shares, in which there was considerable speculation. The weather was very favourable both for pastoralists and farmers ; moreover, a revival in gold-mining seemed not unlikely. There was also an improved demand for certain forms of investment securities, bank shares being in especial favour, and prices gradually rose, so that in May the feeling in commercial circles was optimistic. The expected revival was not yet, but even the most cautious were hopeful that it was merely delayed, and that now the worst of the land scandals were over, confidence would be restored. In the second half of the year there was a much easier tone in the money market, due chiefly to the fact that the banks were still able to obtain a large amount of deposits in the United Kingdom. When the banking returns for the third quarter of the year came to be published, it was found that the deposits of the general public had increased, while the advances showed also a moderate increase, thus

indicating that the banks were at last pursuing a cautious policy, extending reasonable credit to merchants without giving encouragement to any speculative ventures. The publication of the favourable bank returns had a cheering effect upon the business community, Stock Exchange transactions increased, and during the first fortnight of October the clearances of the Melbourne banks, for the first time that year, were in excess of those of the corresponding period of 1888.

Speculation had taken hold of the market once more, the prices of the better-known stocks rose considerably, and there was again a mild boom in silver shares. November showed a still further improvement, and, strange to say, the newspapers spoke of a revival in the demand for land for building purposes. This demand was, however, confined to Melbourne. Although there was but a restricted sale for land, the building and finance companies still eagerly pursued their policy of advancing money on house property and to builders, and to replace local capital used up in like undertakings they continued to solicit deposits in Great Britain. But money was growing dearer in London, and very little could be obtained by the financial companies at rates below 5 per cent. The belief that the pause in the upward movement in land values was merely temporary was still strong amongst companies that had been engaged in land speculation; optimism was of course part of their stock-in-trade, and they made no difficulty about lending their funds to speculative builders. Their trouble was inability to lay their hands on more funds, and those that had not already London agencies made haste to establish them. The procedure of the Real Estate Mortgage and Deposit Bank was typical of the operations of its fellows. This company had amalgamated in December 1889 with the Territorial Bank, and at once opened an office in London, with the object, as the vice-president of the bank put it, "of getting cheap money to lend out at reasonable rates. In process of time we shall gradually work off all our properties, and do more of the usual busi-

ness of a bank." This was not mere affectation ; the financial institutions as a whole had had seven glorious years, and the unthinking amongst them, that is to say, nearly all, deluded themselves that the end was still far off. Before that came they flattered themselves that they would have withdrawn from speculation and settled down as ordinary banks.

The boom in the Stock Exchange continued, but rumours of financial troubles were current, and there was a striking fall in the shares of the Premier Permanent Building Society from 98s. to 50s. This company, which had opened a London office and obtained some deposits there, was obliged to suspend payment before the year closed. At the time of its suspension the formula as to its complete solvency and merely temporary difficulties, which became afterwards so common and so meaningless, was used, but on investigation its affairs were found to be in a shocking condition. Money had been advanced in enormous amounts to speculative builders—nearly a quarter of a million to one alone. The advances made on land and buildings to be erected thereon were often almost equal to the most favourable valuation of the properties ; for example, £106,000 was advanced on land and buildings estimated to be worth, on completion, £111,000. The progress payments to the builders were made without any proper inspection of the buildings, and even when inspection had shown these to be bad, and they were continued when the stipulated repayments were not being made. The society had sold land to men who obtained advances in order to pay for it, and it was in connexion with such advances that the greatest laxity prevailed. The Premier Permanent Building Society exemplified, therefore, in its transactions some of the worst faults which existed among the building societies at the time, and which, apart from land speculation, must have brought the society to disaster.

Throughout the whole of 1889 the banks proper had been doing their best to increase the amount of their British

deposits. Towards the close of the year their recognized rates were $3\frac{1}{2}$ per cent for short periods and 5 per cent for money fixed for twelve months, and it was well known that some of the banks were willing to pay even a higher rate for deposits fixed for two years or longer. In spite of this, the monetary position was very stringent in Melbourne, and to ease the situation the Sydney banks gave what assistance they could spare. The chief preoccupation of the Melbourne banks was to keep money from being drawn away from Victoria, and the exchange rates gave striking evidence of this, every bank and financial company being a seller of paper on London while there were scarcely any buyers. Under ordinary circumstances the position of the banks would have given anxiety to their management, and this anxiety was intensified by the state of the London money market and the action of the local Treasurer. On 30th December the Bank of England raised the rate of discount from 5 to 6 per cent, which made deposits difficult to procure and hard to retain. As for the Treasurer, he had deposited with the banks $2\frac{1}{4}$ millions out of the proceeds of the loan of January 1889, declaring his intention of allowing the money to remain with them for the rest of the year; but the expenditure on public works had exceeded his anticipations by about 4 millions, and in October he found himself compelled to withdraw nearly the whole of the deposits, much to the inconvenience of the banks.

The embarrassment of the monetary position was more or less common throughout Australia. In the first place this was due to the inability of the financial institutions to obtain funds commensurate with their ambitions, and, secondly, to the disturbance in the exchange between England and Australia—factors aggravated by the difficulty that arose in financing the wool clip and other produce during the latter part of the year. But, in spite of the monetary stringency, the year 1889 was in many ways a time of great prosperity. Over the whole continent the drought had been followed by ample rains, and there was a great increase in all descriptions of live stock and an

abundant harvest. Victoria felt the direct benefit of this change on its own farms and pastures; it also gained immensely by the increased prosperity of the New South Wales and Queensland stations, in which its capital was engaged. In Victoria the prospects of gold-mining seemed to be good, while the output of the Broken Hill silver mines was daily increasing, much to the advantage of investors in Melbourne, to whom the bulk of the shares then belonged. Employment was still good, and the briskness of business may be estimated from the fact that, in spite of the lessened demand for land, the amount of money passing the bank clearing-house was almost as large as at the same period of 1888.

The year 1890 therefore opened under favourable conditions, and the wool having been all shipped, exchange on London became much easier. The alarm caused by the failure of the Premier and the other companies subsided, and all interested in land began to discuss the probable extent of the revival in land values which might be anticipated in the immediate future. A prerequisite for the realization of these expectations was, in the opinion of every one, that the Government should put its finances in order. Its small balance with the banks was withdrawn on 9th February, and for nearly two months afterwards the Treasurer carried on as best he could, borrowing sufficient from the banks to meet his engagements until he was able to place a loan in London. This he managed to do in April. The Treasurer would have liked to have obtained £5,600,000, but had to be contented with £4,000,000.

The banks continued to seek deposits in Great Britain, but as the price for short loans in January was 7 per cent, they must have paid dearly for what they obtained. When the proceeds of the April loan were available the Victorian banks, which had now become very cautious in their lendings, began to accumulate money, and at the end of the second quarter of 1890 the local deposits showed an increase of more than a million over those of the previous quarter. The failure of the Premier Building Society had

undoubtedly caused some uneasiness in the public mind, and, despite the higher rates offered by the building societies and other financial institutions, there was a very pronounced tendency to deposit with the banks ; hence the increase of deposits just referred to. In these circumstances the Victorian banks were desirous of bringing down their rates, but the Sydney banks would not consent to an immediate change, and it was not until July that the interest on deposits was reduced to 2, 3, and 4 per cent for sums fixed for three, six, and twelve months. Even with these reduced rates the banks were preferred to the financial companies, round some of which suspicion was beginning to gather. It was generally recognized that the provisions of the Companies Act were inadequate to protect the public against many forms of fraud in connexion with the formation and working of limited liability companies, and the appointment of a commission to inquire into the working of the statute was freely discussed. Nothing was done at that time ; it was feared that the light which the investigations of such a commission might throw upon the methods of company promotion and direction, prevailing in Melbourne during the previous decade, might lead to a loss of credit which the colony could not bear. The necessity of altering the law was admitted, but action in the matter was postponed until the season was propitious.

Towards the middle of the year 1890 there was a more assured tone in the Melbourne money market. The uneasiness engendered by the failures towards the close of the previous year had worn off, and, on a review of their position, the financial companies considered that any insecurity therein was likely to spring from local causes. They therefore began to adopt the policy of paying off their colonial depositors, and in order to do so they sought fresh deposits in Great Britain, offering high rates for money fixed for long periods. This policy was so far successful that at the end of July the more important financial societies and mortgage institutions agreed to reduce their rates of interest on local deposits fixed for a

year to 5 per cent, and on deposits for shorter periods to 4 per cent.

It had been confidently expected that the year 1890 would see a remarkable revival in the demand for land, and the companies interested laid themselves out to respond to the expected demand, but as the year advanced there was no sign of a revival; the property market remained stagnant, and even the small demand for building land all but disappeared. Building operations in Melbourne were now almost suspended; indeed, the city was much over-built, and the building societies had so few calls upon them for advances that those which had confined themselves to their own legitimate business began to accumulate funds. In August 1890 the maritime strike broke out and continued during September and October, and although the effects were less serious in Victoria than in New South Wales, there was sufficient stoppage of employment to interfere greatly with the business of all the societies dependent upon the savings of the working classes.

On 23rd October the Treasurer informed Parliament that the loan raised six months previously had been exhausted; indeed, not only had the money disappeared, but the Government account was virtually over £700,000 in debit; fresh borrowings therefore would soon have to be resorted to. The finances of the Government were altogether in a bad way. The railways were badly and extravagantly managed, and showed a great reduction in the profit earned. The Government had a loan of £850,000 falling due in January 1891, and was without resources to meet it. The money market in London was very constricted, the bank rate being 6 per cent, and, to make matters worse for the Victorian Government, the firm of William Westgarth & Company, which had had extensive dealings in Colonial Government securities, got into difficulties, having in its hands large amounts of recent issues of Victorian stocks. The attempt to realize these stocks brought down their price, making it almost impossible for a loan even of moderate amount to be placed

successfully, and the Treasurer, recognizing this, turned to the banks for assistance to meet the loan falling due on 1st January. In November 1890 the Baring crisis occurred, causing great dislocation of trade, and when the wool sales were held in London a few weeks later, the prices of Australian wool averaged 20 per cent below those of the same period of the preceding year.

Throughout the year there had been more or less activity on the Stock Exchange, and at some periods of the year the business transacted had been surprisingly large, taking on the dimensions of a small boom. Taking 1890 as a whole, the bank clearances amounted to 310 millions, of which 164 millions belonged to the first half of the year. This total was even greater than that of 1888 or 1889, and cannot but be considered enormous for a population of a little over a million people. A large amount of these clearances must be set down to inflation and over-speculation, and the extent of this may be roughly estimated from the fact that ten years later the clearances for the year did not reach 160 millions.

At the close of 1890 the land boom was past resuscitation ; there was still a great deal of activity on the Stock Exchange, due principally to a new source of interest, the opening up of the silver mines of Tasmania ; the pastoral industry was depressed owing to the great fall in prices, but an excellent harvest was being gathered, and this was the brightest feature of the situation. The banks were greatly hampered by the requirements of the Government. There had been no increase in deposits during the last quarter of the year ; the increase of £642,000 in the advances being accompanied by a decline of an almost like amount in the stock of coin held by the banks. Trade was very inactive, and from every side came reports that the demand for goods was less than might be expected in the dullest season ; in fact, what was termed by the press “a general spirit of economy” prevailed.

In February 1891 the South Australian Government asked the London market for a loan of £1,200,000, but

tenders for only a third of that sum were received. This was felt to foreshadow a possible Victorian failure. With this in view the Melbourne money market began to grow more stringent, and the banks raised their minimum discount rates for three months' bills from 7 to $7\frac{1}{2}$ per cent, at the same time increasing the rates on deposits to 3, 4, and 5 per cent. This action on the part of the banks compelled the other companies receiving deposits to raise their rates also, and the Mortgage Banks' and Building Societies' Institution, an alliance of the more reputable of these bodies, fixed its interest rates at 4, 5, and $5\frac{1}{2}$ per cent.

The banks and other financial institutions were again anxious to obtain local deposits. The condition of the London market from October 1890 had been such as to offer a very remunerative field for the investment of money, and the Australian banks therefore were no longer able to obtain new deposits to any large extent from Great Britain. The mortgage and land banks naturally found even greater difficulty, and, in order to attract money, advertised extensively in Scotland offers of 4 per cent for sums deposited with them for one year, and $5\frac{1}{2}$ per cent for five years. To these offers no great response was made, and in order to secure deposits not a few of the financial companies, during the early part of 1891, were offering 6 per cent for local deposits fixed for twelve months, although the rate was not officially raised to this figure until the middle of June.

On 13th April 1891 the expected loan issue of the Victorian Government was made in London, the amount asked for being £3,000,000, but only £1,800,000 was offered. This failure tended to make business duller, and it was at last universally admitted that the boom was a thing of the past. It is true that the Stock Exchange and its followers worked up at the beginning of April a wild speculation in gold- and silver-mining shares, and during the first few days of May the meetings of the Stock Exchange were almost continuous. The boom in mining was, however, short-lived; the banks gave those engaged

in it little encouragement, and before the end of May it had entirely subsided.

The inability of the banks and other financial institutions to obtain money in Great Britain made the adjustment of the exchange between London and Victoria very difficult, and large shipments of gold had to be made from Melbourne and Sydney. On the failure of the Victorian loan the difficulty became still more pronounced. The Governments of New South Wales, Victoria, and Queensland had loans falling due in a few months' time, and this was the cause of keen anxiety to the banks, for it was obvious that if money to meet these loans had to be remitted to London in addition to the ordinary interest payments, the exchange would be still further disturbed. At the end of May Queensland applied to London for a loan of £2,500,000, but only £300,000 was offered ; the balance was obtained during the course of a month or so, but at a great sacrifice, as the price when all charges were deducted fell below 88 per cent. This fiasco brought down the price of all other Australian Government stocks, but the money was obtained and the anxiety of the banks relieved for the moment.

The finances of the Victorian Government were still very unsatisfactory. During the first half of 1891 the excess of expenditure over revenue was about £1,200,000, and, unwilling to impose fresh taxation, the Government decided to issue £750,000 short-dated bills in Melbourne, and thus get over its immediate difficulties, leaving a proper adjustment of the finances to be made at a more seasonable opportunity.

The changed position of business was faithfully reflected in the Melbourne clearing-house returns, the bank clearances for the first six months of 1891 being only 129 millions, compared with 164·5 millions for the like period in the preceding year. Building had ceased in Melbourne and its suburbs. The building societies had a difficulty in obtaining the repayment of their loans, and many of the properties upon which they had advanced money

were falling into their hands. In any case such properties were unsaleable, and as often as not they yielded no income whatever, for they were frequently unfinished or, if finished, unlet. There had been a great contraction in the demand for houses, and in many of the suburbs rows of newly built houses stood empty, lack of employment having driven many families to put up with smaller accommodation, and two or more families sometimes occupying the one house, a most unusual experience in Melbourne.

On 24th July 1891 the Imperial Banking Company closed its doors. The immediate cause of its suspension was a slight run on the Geelong branch of the bank. This company had been formed in 1886 to make advances on freehold properties. For two years it apparently did well, paying dividends of 8 and 10 per cent. In July 1888, led away by the enormous profits of the land speculators, it altered its constitution so as to enable it to buy city and suburban property, and in 1889 it opened a London office for the purpose of obtaining funds to finance its purchases. The properties of the company proved to be almost all unsaleable ; they had been bought at boom prices, which no one would now pay. In February 1891 it was unable to pay a dividend, and its shares ceased to be dealt in. The Imperial was but a small company, and its liabilities, apart from capital, at the time of its suspension amounted to £175,000, of which £72,858 was represented by fixed deposits, about £17,000 being British deposits obtained during the year previous to suspension.

On 3rd August the Bank of Van Diemen's Land suspended payment. This had an important effect on the Tasmanian silver-mining companies, many of which had accounts with it, and hence it affected the Melbourne Stock Exchange, where the shares of these companies were principally dealt in. On 16th August the British Bank of Australia suspended payment, having suffered severely by the failure of the Bank of Van Diemen's Land, as a good deal of its business was derived from Tasmania. This institution was not a bank properly so called. It had been

formed in April 1888 under the name of the Victoria Freehold Bank, and, making some successful land speculations, it paid a dividend of 15 per cent after being six months in operation. Early in 1889 it changed its name and opened a branch in London, and when it failed its deposits and debentures amounted to £160,000, of which about one-half was due in London. A good deal of suspicion attached itself to this company early in 1890, and for some time before its failure its shares had not been quoted on the Stock Exchange. Two days later the Australian Mercantile Loan and Guarantee Company suspended payment. Its head office was in Sydney, but its suspension was largely due to ill-advised advances on Melbourne properties and to the dishonesty of its servants, some of whom had absconded. The company had been formed in 1888 to make advances on land and all classes of mercantile and other securities. It had branches in Newcastle, Brisbane, Melbourne, and London, and when it failed it was paying from 5 to 8 per cent interest on its deposits, which in the aggregate amounted to £73,600.

On 19th August the Anglo-Australian Bank suspended payment. Its failure was attributed to its close connexion with the British Bank of Australia, in which it was involved to the extent of £164,000. The Anglo-Australian Bank had been formed in June 1888, and almost immediately opened a branch in London with a view to obtaining deposits. It was not very successful in its quest, for in spite of thirty-eight agencies in Great Britain, its deposits in that country at the time of its suspension only amounted to £36,000. The bulk of the capital and deposits of this company had been expended in the purchase of suburban property in Melbourne, very little of which it had been able to dispose of. Nevertheless, it had declared a dividend of 10 per cent in September 1890, the money required for the purpose being obtained by taking credit for interest due as being available for the purpose, although such interest was not likely ever to be paid.

The chief facts as to these companies had been known,

or at least suspected, for some time, and their shares had been for several months practically unsaleable; their failure was therefore expected, and produced singularly little effect in Melbourne. In England, however, this was not the case, and on 12th September 1891 the *Economist* published an article warning British investors against the Melbourne property, mortgage, and deposit banks, the great majority of which it denounced as "cancerous growths upon the otherwise sound financial business of Victoria." In Melbourne it was commonly considered that some few of the other companies were weak, but it was far from suspected that there was a general unsoundness. During October, November, and December 1891 there was a gradual withdrawal of deposits from the institutions marked by public opinion as being shaky. Much of the money thus withdrawn was placed in the savings banks, and these institutions received sometimes as much as £50,000 in a day from this source. There was, however, another reason than alarm for the withdrawal of deposits. There was a considerable amount of unemployment, and many of the working classes had begun to feel the necessity of trenching upon their savings. Some idea of the extent of this movement may be gathered from the fact that in spite of the large deposits made with the savings banks of money withdrawn from other institutions, these banks had themselves begun to lose money on the balance; in December this loss amounted to £12,775, and 231 accounts were closed.

The necessity for realizing such investments as could be sold without heavy loss led to considerable sales of bank and other stocks. In November 1891 nearly all bank shares fell in price, largely for this reason, and the shares of the Commercial Bank of Australia in particular fell 24s. in a fortnight, though nothing adverse to the bank was known. Later in the month prices rallied, bank shares rose, transactions in silver shares were numerous and prices higher. But this reaction lasted only a few days.

On 30th November 1891 another important series of

suspensions began, headed by that of the City of Melbourne Building Society. This society had lost deposits aggregating £70,000 in a few months ; it had still £275,000 on its books, and as it had not indulged in any land speculations, but had adhered to its own legitimate business, the management had little difficulty in persuading creditors to renew their deposits, to the extent of £228,000, for three years, and the society reopened its doors. On 1st December the County of Bourke Building Society suspended payment, but was able to resume business on the 7th, as its depositors undertook to renew their deposits. On 2nd December the Melbourne Permanent Building Society suspended payment. There had been some withdrawal of deposits, but nothing in the nature of a run ; the society had avoided the errors of most of its fellows, and was a perfectly solvent institution. But like many other building societies, however prudently managed in other respects, it was worked upon too small a cash reserve and relied upon its bank to finance it in any temporary difficulty. The Commercial Bank of Australia, which held the account of this society, had decided not to allow any building society to overdraw its account further, and without such accommodation the society could not meet its engagements. On 4th December the Standard Bank of Australia suspended payment. Its deposits had been diminishing rapidly for two or three weeks, and on the 3rd a "run" occurred, which it was unable to bear. It held £300,000 of English deposits, but the withdrawals were entirely colonial. The directors of the bank laid a statement of its affairs before the associated banks, but this statement was deemed unsatisfactory, and it was decided to leave the bank to its fate. The Standard Bank remained closed for a few months, but reconstructed and again commenced business. Its ultimate fate will be told later. On 4th December, also, the Metropolitan Bank closed its doors. It had been founded in 1888, and was an extension of the Metropolitan Permanent Building and Investment Society. Its banking business was not large, its total deposits amounting to £835,000, of

which about £80,000 had been withdrawn during the week prior to its suspension. Most of the money of this so-called bank was invested in freehold property, and therefore could not be recalled to meet a case of emergency. On 7th December the Land Credit Bank of Australia suspended payment.

One company after another, as it suspended business, declared that its condition was really sound, that its assets were unimpaired and in excess of its liabilities, and all that it required was time in order to meet its engagements. In nearly every instance, therefore, depositors were asked to continue their deposits, the term of renewal suggested varying from three to seven years, during which the usual interest was to be paid. While negotiations of such kind were in progress, it was of course open to any creditor to take action under the Companies Act and to force the company into liquidation. When the first of the new failures was announced there was a hurried meeting of persons prominently interested in building societies and land and mortgage companies receiving deposits, for the purpose of urging Parliament to interpose and so amend the Companies Act as to take the supervision of the liquidation of the deposit companies from the law courts. Several influential members of Parliament attended the meeting, which was representative only of the views of the parties concerned with the direction of the companies. That there should have been such a meeting was not reassuring to persons who were creditors, especially in view of the unsatisfactory disclosures which had been made concerning some of the companies that had failed already; nevertheless their parliamentary influence was such that, on 3rd December 1891, a Bill embodying their views was introduced and passed through all its stages by the Assembly and the Council the same day. The Bill amended the existing law "so as to prevent injury and loss to creditors by the compulsory winding up of companies and building societies against the will and interests of creditors." The Governor's assent to the Bill was delayed for a week, but only because he was not in

Victoria at the time. No public resentment of the Bill was shown ; indeed it was hailed by many people as an excellent measure. It is worth while to remember that the Premier, Munro, was a man who for years had been engaged in the formation and management of the type of company concerned, and that the Real Estate Bank, of which he was the head and front, was one of the companies to suspend payment very shortly afterwards. The enactment was called the Voluntary Liquidation Act of 1891. It transferred the power to order the compulsory liquidation of a company from the courts to the creditors and required the approval of a majority, provided that to such majority at least one-half of the debts were due. It also directed that no company being voluntarily wound up should be compulsorily liquidated by the court unless a petition was presented from one-third of the number of the creditors, if the company had no creditors outside Victoria, or from one-fourth of their number if there were such creditors, in either case the amount involved to be in like proportion.

This hurried legislation remained in force for a year, during which time it was used effectually to prevent that close scrutiny into the affairs of companies which must have taken place had liquidation been made under the surveillance of the courts. In addition, it greatly strengthened the hands of the directors of companies who wished to adopt some scheme of reconstruction, as it was rarely possible for the requisite majority for liquidation to be obtained. These schemes of reconstruction involved almost invariably the locking - up of deposits for a long period, during which the depositors had no guarantee that the shareholders would not dispose of their shares to dummies or men of straw. In the case of the building societies the liability of shareholders was limited to the shares they had actually paid up. In other cases it frequently happened that a large additional liability was attached to the shares, and where the reconstructed companies were compelled to go into liquidation, as so many of them ultimately were, attempts to call up the rest of the

subscribed capital were generally without result. Apart from this, the effect of locking up deposits was worse than actual liquidation, and each successive reconstruction made the money market more and more difficult.

On 3rd December the Federal Building Society, an affiliation of the Federal Bank, having now the new Act to help it, offered its depositors, who demanded a return of their money then withdrawable, the option of leaving it with the society or accepting a deposit receipt for an equivalent amount in one of the associated banks. The society had branches in Sydney and Adelaide, and when this offer, which was a virtual suspension of payment, became known in those cities, a run immediately set in, and the society suspended payment on 7th December, very few of its depositors having been able to take advantage of the offer of deposit receipts in other banks. During the next few days the Standard Mutual Building Society, the Colonial Investment and Agency Company, and the Real Estate Mortgage Bank also suspended. This brings the list of Victorian suspensions to Christmas 1891.

The position in which the building societies found themselves in 1891 would have been difficult in any circumstances, as soon as their depositors or any large section of them refused to renew their deposits when they became due, for whereas their income was derived from the regular payments made by borrowers extending over ten years or even longer periods, their deposits fell due at irregular intervals of from one month to two or three years at most. This was a difficulty inherent in the constitution of societies of this class, which could only have been overcome by their confining operations to lending out the money of their own members, supplemented, if necessary, by a small and strictly regulated amount of deposits. But the amount of deposits was never limited; indeed, with hardly any exception, the societies were obsessed with a desire to become great institutions, matching in size the banks of issue. Apart from this inherent defect, the business of these societies was calculated to proceed without inter-

ruption only so long as the prosperity of the community in which they traded was not greatly interrupted, but in 1890 and 1891 the long period of prosperity in Victoria, or at least in Melbourne certainly, had met with a rude interruption. These were the difficulties of the genuine building societies.

The societies which had dealt in real estate in 1887-88, whether they were called building societies, or banks, or by any other name, were still more deeply affected by the great fall in land values. As we have seen, very few of their sales had been made except on long terms of credit. Persons who a few years before had cheerfully contracted to pay a stipulated price for land or house property now found themselves quite unable to continue their payments, and others who were perhaps still in a position to pay, seeing the huge depreciation in land values and fearing that prices were likely to go much lower, also declined to continue their payments. Large quantities of land which the companies had considered sold were thus thrown upon their hands, and such was the stagnation in the demand for building land that the companies were unable to dispose of their estates except at prices below what they themselves had paid.

On 17th December Munro announced that as the Government could not float a loan it would issue £2,000,000 in Treasury bills at $4\frac{1}{2}$ per cent, with two years' currency. £1,000,000 of these bills was sold in London by the associated banks, but it soon became evident, even to the imprudent financiers who were in control in Victoria, that they dare not spend this money which had to be repaid so soon, and the bulk of it was lodged in the banks till the date of repayment arrived.

At the end of 1891 the country districts of Victoria were feeling the commercial depression. The seasons had been good, and the exports of 1891, though still below the imports in value, showed a decided increase. But prices had declined. In addition, the country population was involved deeply in the Melbourne companies. Upon the

Melbourne Stock Exchange the year had witnessed an extraordinary fall in values, amounting at a moderate estimate to considerably more than 20 millions. Banks, investment and mortgage companies, tramway and omnibus companies, gas and general commercial companies and mining companies had all contributed to this loss. In gold-mining stock alone the fall exceeded 4 millions, and in silver mines was about 8 millions. The only important decline in dividends which had occurred was in the dividends of banking and financial companies other than banks of issue, the distributions of other companies being generally well sustained. The fall in capital values was therefore the more striking, plainly showing the inflation which had existed previously and the utter depression which had fallen on the market when speculation ceased.

During the first four weeks of 1892 no more suspensions took place, and optimists began to believe that the crisis was over. But such belief was founded on a want of knowledge of the economic position in Victoria. So far from its being likely that the crisis had expended itself, it was quite certain that the debacle of the building societies would go on and not a penny would be left in them that could possibly be removed by their depositors. The lull in the suspensions was broken on 30th January 1892, when the Freehold Investment and Banking Company went into voluntary liquidation. This was one of the largest institutions of its kind in Australia, having deposits to the extent of £1,250,000, more than half of which was owing in Great Britain. A few days later the Victorian Mortgage and Deposit Bank suspended; this was not a large company, its deposits amounting to about £100,000. On the 4th February the English and Australian Mortgage Bank ceased operations. This was a large institution which at one time held about £1,000,000 on deposit, but before its suspension the total had fallen to £832,000, of which over half a million was owing in England. This institution had been in existence for about eight years, first as Henry Arnold & Company,

when it was concerned openly in the purchase of real property, and, after 1888, as the English and Australian Mortgage Bank. It had opened an English office in 1889 and had obtained £503,000 of deposits there. It was one of the companies in which Matthew Davies was greatly interested. An analysis of the affairs of this bank showed that during the last half-year the interest actually received amounted to £1728, while the interest credited but not received was £41,872. In addition to these failures there were also failures of important private firms, and it began to be recognized how deeply involved mercantile houses had been in the land speculation. The banks were growing increasingly timid, and the condition of business generally may be argued from the fact that the bank clearances for the last week in January 1892 were £3,862,000—a little more than one-half of what they had been a year before. On 5th March the Mercantile Bank of Australia suspended payment, owing to the continued and rapid withdrawal of deposits. This was by far the greatest event which had occurred up to this time. The bank catered principally for small clients and its shares were very widely distributed in Victoria; it also had nearly 400 shareholders in Great Britain, and £1,128,000 of its deposits out of a total of £1,831,000 were British. An investigation into the condition of the Mercantile Bank showed that its affairs had been grossly mismanaged and its shareholders deceived.

The Victorian Government was reconstructed in March. It was decided that Munro should go to England as Agent-General, an arrangement hardly calculated to improve Victorian credit in that country, and Shiels, a member of the Munro Cabinet, became Premier. A general election was pending, and on 20th March Shiels outlined the Government programme. There was to be a great retrenchment of expenditure in salaries and also on the railways. The Companies Act was to be amended so as to prevent the word "bank" from being used as the title of any financial company whose operations were not con-

fined to legitimate banking business; directors were to be made responsible for the statements in the prospectus of their companies, and a better system of audit for building societies was to be enforced. The Government obtained a majority at the elections, but its half-hearted scheme of retrenchment was useless, and it did not carry out its proposed commercial legislation.

On 23rd March the Australian Deposit and Mortgage Bank suspended payment. Its credit was still good in Victoria and its shares on which £25 had been paid were quoted at £40; but local depositors were beginning to withdraw their money as it fell due. Information had been received indicating that the Scottish depositors were alarmed, and as £180,000 belonging to them was due on the May term day, the directors thought it was advisable to suspend. A scheme of reconstruction was put forward in a few days under which depositors became preferential shareholders.

Almost all the companies at their first suspension put forward plans for the resumption of business, and, entrenched behind the law of voluntary liquidation, they were able to get their proposals agreed to very promptly. In all these reconstructions very little consideration was given to the question whether the winding-up of a company would not in the peculiar circumstances of its case have been preferable, and in fixing the interest payable to depositors the egregious assumption was made that the conditions of business in the next few years would be similar to those of the years prior to 1891. How these assumptions were falsified will be seen later on.

While this suspension and reconstruction were going on, public opinion, which was greatly incensed at the failures, demanded that punishment should be meted out to every one guilty of fraudulent conduct in connexion with the formation or management of these societies; and notwithstanding the speed with which the business of reconstruction was carried through, the affairs of the companies were sufficiently sifted to enable many

cases of unmistakable fraud to be brought to light. In such cases prosecution speedily followed and the guilty parties, where they had not already fled from justice, were sent to prison. The investigations showed that several companies calling themselves banks had been established almost without capital, that in a few cases they had been formed by designing persons intent on applying the money of depositors to their own uses, and that no company was too disreputable, provided it called itself a bank, to fail to obtain deposits. Nevertheless, it was also apparent that when these companies had been ruled off the great majority remained, and these had been formed in a legitimate manner to carry on a legitimate business. Some of these societies invited destruction by engaging in land speculation, a business entirely without their sphere ; but others had refrained from all speculative enterprises, adhering strictly to the lending of money upon what appeared to be good security and within ample margin. They too had failed, thus adding to the list of examples that the business of a building society, much less a land company, cannot be conducted safely by a society which accepts deposits.

The banks of issue viewed with entire equanimity the failure of the Premier Permanent Building Association and of the few small companies that closed their doors during 1890. These companies were engaged in a class of business risky in itself and likely to bring banking business generally into disrepute, especially as some of them had adopted the term "bank" as part of their title. So far as the public was aware, the banks had kept themselves to their own legitimate business and had eschewed the tempting yet hazardous path of land speculation. Such banks as were working under charters were forbidden by those instruments to own land except for the purposes of their immediate business, and undoubtedly the spirit of their charters forbade them to make advances against land alone. Some light might have been thrown on the operations of banking if, when in March 1891

the Commercial Bank of Australia took over the business of the Mercantile Bank of Sydney, the exact position of the latter had transpired. The transaction was carried through merely with the announcement that the business had been taken over, and that the surplus of assets over liabilities would be ascertained and distributed amongst the shareholders of the Mercantile Bank in the shape of Commercial Bank of Australia shares at the rate of £12 for each share. The liquidation of the surplus assets was prolonged over a period of two years, and early in 1893 it was announced that the surplus was so small as not to be worth distributing in the manner proposed. The Mercantile Bank had in fact lost its whole capital and reserves by reason of the very practices that subsequently brought down many of its former competitors. The absorption of the Mercantile Bank was effected with little publicity, as the Commercial Bank, which was a Melbourne institution, was anxious to acquire a good foothold in Sydney, and it would have been against its interests for the past career of the Mercantile Bank to be publicly discussed ; but the management of both the banks concerned knew that great losses had been suffered, and that the capital of the Mercantile Bank had vanished.

When the failure of the Imperial Banking Company was announced in July 1891, followed as it was by the collapse of other institutions of a like character in Sydney, the view of the banks was that the sooner such institutions were out of the way the better it would be for all concerned, and the healthier for general business ; but when it was plain very shortly afterwards that depositors were running for their deposits to all deposit societies, whether good or bad, it became a matter of grave concern to the banks lest the contagion of fear should spread to them also. The question was therefore very seriously considered whether it would not be good policy on the part of the great banks to make such advances to these minor institutions as would enable them to face their depositors. It was obvious that the failure of these societies, many of which

had collected deposits in Great Britain, would have a very bad effect in that country, and might subject the banks to a withdrawal of their British deposits. This was a matter of very keen concern to some of the banks, which had more British than Australian deposits ; but the alternative to standing idly by while the minor institutions failed was the assumption of their entire liabilities. The assets of the societies comprised mainly land which they themselves held or land sold on fairly long terms to numerous purchasers, mostly small men, together with some mortgages over buildings. In most cases the fall in land values had swept away the paid-up capital and reserves of the companies, and for the banks to assume their liabilities would have been to load themselves with obligations they would certainly, such was the state of public feeling, be called upon to redeem immediately, while the assets transferred would have been unrealizable. In such circumstances there was only one course open to the banks, namely, to let the companies face their own troubles.

The failure of the small banks which took place during 1891 had naturally affected the larger banks of issue, but it could hardly be said that the imminence of a great crisis was yet realized, either by the banks themselves or by most of the onlookers. The failure of the Mercantile Bank would have been a great blow to public confidence if there had not been a ready acceptance of the explanation that the Mercantile was so bound up with the Davies companies that its fall was not only inevitable but would clear the commercial atmosphere. Indeed the opinion was generally expressed that the worst period had been passed through and confidence would soon be re-established. Meanwhile, depositors thought it expedient to make assurance doubly sure, and continued for a little while longer to withdraw their deposits as they fell due. The institution most affected by these withdrawals was the Commercial Bank of Australia. This bank had held the accounts of many building societies, and chiefly for that reason rumour had attacked it, the quotation of its shares falling from £12

to £7 during the course of a few weeks. To counteract this the directors caused a circular letter to be issued to the shareholders stating that the affairs of the bank gave no warrant for such rumours, and this restored confidence to some extent. But the rumours becoming current again and other banks also becoming the subject of suspicion, the associated banks considered it very necessary that the public mind should be assured regarding their policy towards one another. A meeting of the whole of the associated banks was held in Melbourne, and on 28th March 1892 it was announced "that the associated banks in Melbourne have agreed upon mutually satisfactory conditions, on which they will extend their joint support to any one of their number requiring it." The "mutually satisfactory conditions" were not disclosed. It certainly was not proposed by the banks that the security of the whole association should be given to the creditors of each bank; as events proved, what the banks understood by the statement was that if any one of their number demanded assistance from the association, and it was found from a statement of its position that the association could afford useful help, such help would be furnished. The statement of the banks therefore meant very little, because without a formal agreement of the kind the association would undoubtedly have come to the assistance of any bank in distress, provided they were assured of its solvency.

The statement of the associated banks was made enigmatic in order that the public generally should know that the banks were allied together by strong common interests, and what was harmful to one would be considered harmful to all; and it was hoped that the public, being rather casual in its conclusions, would have renewed confidence in the banking position. It may be argued that, as there was a considerable loss of deposits after the banks issued their joint pronouncement, such had no effect in stemming the rush for deposits. This would be a wrong conclusion. The loss of deposits of the associated banks

in Victoria between the first and last quarters of 1892 amounted to £809,000 ; in New South Wales the loss during the same period was probably £500,000. These are by no means considerable figures, and a decline in deposits to the extent shown might easily have occurred merely on account of the impoverishment of the community, which undoubtedly existed owing to the want of employment and the fall in the value of staple articles of export. It may therefore be fairly said that after the publication of the joint statement of the banks there was, with two exceptions which will be presently noticed, no continuation of the run upon their deposits which had set in with the failure of the Mercantile Bank. This was certainly to be attributed to the reassuring effect of the banks' action. Quite wrongly, as we have seen, but quite naturally, the public took the statement to mean that the banks had united for mutual assistance in the event of a further continuation of the run for deposits weakening any member of the association, and when in April 1892 the Union Bank absorbed the business of the Bank of South Australia, the public readily saw the beneficial working of the association's agreement. There was an immediate improvement in the price of bank stock in consequence of this announcement. On 4th April the shares of the Commercial Bank stood at £8 : 4s., and a similar improvement took place in the shares of other banks, as holders ceased to try to sell their shares at any price they could obtain.

On 7th April the associated banks agreed to reduce the interest on deposits by $\frac{1}{2}$ per cent, so that the rate on twelve months' deposits was fixed at $4\frac{1}{2}$ per cent. During the first quarter of 1892 deposits had increased by nearly £1,000,000, while advances increased only by little more than £100,000, and the amount of coin and bullion held by the banks was nearly £7,500,000. During April and May 1892 interested parties in Australia flattered themselves that there was a return of confidence in Australian investments, as there was a marked rise in the price of Government securities in London ; but this was checked

in June, and the leading financial papers expressed a decided opinion that no further improvement was justified. This opinion was based on a review of the liquidation of various companies then in progress; these disclosed so much that was unsatisfactory as very naturally to create distrust in all Australian investments. At the time, the case of the Real Estate Bank was much in evidence, and the liquidators of that institution had declared that, after calling up the unpaid capital of £450,000, there would still be a considerable deficit and consequent loss to depositors, even supposing that the calls were met, which was most unlikely. It was very plainly seen that "uncalled capital" was at best a doubtful asset, and the Australian shareholders in many companies would be unable to pay further calls. The times, it is true, were exceptional, but it must be admitted that the shareholders, taken as a body, would not even in the best of times have been able to meet the reserved liability attached to their shares. Besides this, the manner in which voluntary liquidations were carried out in Victoria served to increase the distrust of the British investors. The course usually followed when the liquidation of a company was determined upon was to leave the business in the hands of those who had got the company into difficulties, and, in the case of the Mercantile Bank, the method pursued was so distasteful to the English creditors that they applied to the English Courts for an order for compulsory liquidation, and obtained it.

During June and July 1892 the greatest depression existed in Melbourne. The collapse of the building societies had made it impossible for any one to obtain an advance upon the security of unimproved land, and even when property was let and yielded a fair interest, to borrow money on it without other security was extremely difficult. A very large amount of money was locked up in the shape of deposits in the reconstructed companies, and many of the companies in the course of their liquidation or reconstruction were making calls, which were a heavy burden on

their shareholders. Land and even house property was unsaleable, and to meet the calls saleable things had to be sacrificed ; amongst these were bank shares and other stocks, and these thrown down on a weak market greatly depressed their prices and added to the general financial unrest.

On 10th June 1892 the New Oriental Bank suspended payment. This had not a great effect on Victorian business, as the bank had never succeeded in re-establishing itself thoroughly, but it added to the gloom ; and on 9th July the Victoria Mutual Building Society suspended, owing to the continued withdrawal of deposits.

In June the Victorian Government floated a $3\frac{1}{2}$ per cent loan of £2,000,000, at an average price of £92 : 15s., the associated banks tendering for £750,000. The money was to repay debentures falling due in 1893, and therefore was not immediately required ; but the Treasurer, in view of the possibilities of the situation, did not consider it expedient to wait until the money was due, and in this showed his wisdom. The finances of the Government were in a parlous state. The Budget presented in July showed that the revenue had fallen short of the estimate to the extent of three-quarters of a million, while the expenditure exceeded the estimate, and the year closed with a deficit of over $1\frac{1}{2}$ million. The usual proposals for making ends meet by Civil Service retrenchment were suggested, and the customs duties were increased, so that these now amounted to 40, 45, and 50 per cent *ad valorem*. The Treasurer calculated that he would obtain £1,000,000 from the increased duties, but he soon discovered that his hopes in this direction were impossible of realization ; the cessation of the flow of borrowed money caused a drop in the imports from 21.7 millions in 1891 to 17.2 millions in 1892 and 13.3 millions in 1893, and a somewhat corresponding reduction in the customs receipts.

Throughout most of the year, amidst the crash of falling societies, the Stock Exchange of Melbourne occupied itself with the realization of stocks and shares in a lifeless

market ; in August there was a flash of the old spirit of speculation, the excuse for which was the improved returns from the Ballarat and Bendigo mines, but it died away almost at once, and the Exchange for a time was wellnigh moribund.

On 9th September the City of Melbourne Building Society was obliged again to close its doors. In the previous year it had been able to obtain the renewal of almost all its deposits, and its directors had expected to be able to carry on business, discharging the liabilities gradually as the loans were repaid, no new business being undertaken. The repayments of loans, on which the management relied, were, however, not made. The 1100 persons who had borrowed from the society were mainly of the wage-earning class ; many of them had dropped out of employment, and were compelled to let their payments fall into arrears, and the society thus found itself unable to keep faith with its depositors. The City of Melbourne was one of the first building societies to fail in these conditions, and its failure showed plainly how impossible it was for the most honest and carefully conducted society to keep up the old rates of interest and to realize its assets in the midst of such depression.

In September the Government, still in search of revenue, proposed to follow the example of New Zealand and to impose an income-tax on absentees. The proposed tax of 5 per cent on incomes derived from land or mines by persons " who had not their principal or most usual place of abode " in the colony did not become law, for it was plain enough that it would affect British investors just as much as Victorian who had ceased to live in the colony, and there was, of course, no desire to prevent English money from reaching Victoria, or to expel such money as was already there. As it was, English investors were looking shyly at Australian securities, and it was largely in deference to English opinion that a Bill repealing the Voluntary Liquidation Act of 1891 was introduced in the Legislative Council in November 1892 ; it was passed at

once, and sent to the Assembly, where it was adopted without discussion.

The year 1892 closed in complete depression. During its course the price of wool had reached the lowest point ever touched since the introduction of sheep into Australia ; wheat was selling at 30s. 6d. per quarter ; silver had declined greatly in price, and the strike at Broken Hill had affected seriously the output of the mines. For a time the loan expenditure of the Government had helped the labour market, but this had ceased, and large numbers of labourers were in consequence out of employment. Thousands of workmen had seen the whole of their savings swept away by the failure of the building societies, and many other persons were struggling to pay the calls made upon them. During the year 143 institutions had gone into liquidation, and the money involved in their failure exceeded 15 millions. The total for eighteen months was not less than 20 millions, and, where failure had not taken place, the value of the shares had fallen, the depreciation amounting in the aggregate to more than 20 millions.

In the last quarter of the year the banks were not disturbed by anything in the nature of a run upon their deposits ; nevertheless, it was a period of acute anxiety for them, owing to the manifest depreciation in their securities and the necessity they were under of recognizing their inability to maintain the scale of dividends to which they had accustomed their shareholders. There were two exceptions to the general statement that the run on the banks had temporarily ceased. The Federal Bank had been associated in the public mind with the building society of the same name which had formerly been affiliated to it, and whose failure in December 1891 has been noted. The bank had a history dating back about ten years, and some of the persons who had been most prominently connected with its establishment had failed badly at the end of the land boom. For this reason the bank had become suspect, and it had been subjected to a steady drain of deposits, especially after the failure of the Mercantile Bank. The

Commercial Bank of Australia suffered from a different cause. This bank was one of the largest purely Australian institutions, and was generally esteemed to be the most progressive. It had gathered together a very large *clientèle*, amongst whom were many of the steady customers whose business is the mainstay of all successful banks ; but it had also a large body of clients whom the failure of the land boom had struck severely, and small tradesmen who were compelled, by the reduction in business, to curtail their deposits to a low point. The bank therefore lost a large amount of deposits before anything that can be described as a run upon it occurred. The position in October 1892 was that the banks as a whole were not being run upon. All were affected by the depression in trade, and, from the character of its business, this depression was more severely felt by the Commercial of Australia than by any other bank, while the Federal Bank was suffering from the disrepute into which it had fallen by reason of its past association with land boomers and the Federal Building Society.

In November there were rumours affecting the stability of various banks, and spasmodic rushes by depositors to withdraw their money for the purpose of placing it elsewhere. From time to time this distrust seemed to disappear and the rushes ceased, and although the rumours never absolutely died down, there was so far a return of confidence that on 17th December 1892 the *Banking and Insurance Record*, the leading financial authority, was able to say : ". . . it is to be hoped that the last of the banking disasters has been heard of for a long time to come, and that if progress in the future shall appear to be slower than in the past, it will at any rate be solid and unaccompanied by undesirable losses." This was not the language of mere optimism. If all the banks had been working on sound lines and taking reasonable precautions, it is possible their difficulties might have been surmounted, but, unfortunately, such was far from being true. A few weeks after these words had been

published circumstantial statements were being made both in Sydney and Melbourne as to the recklessness with which certain banks had been trading, that one large institution in the former city had advanced more than half its capital to one firm which was then in difficulties, that another had made huge advances on station property and had been compelled to foreclose, and that several Melbourne banks had over-advanced against city and other properties which had now fallen into their hands. After-events showed that these rumours were approximately true, and both in Sydney and Melbourne the run on the banks was renewed remorselessly.

In Great Britain the news of the failure of the Mercantile Bank of Australia had created a profound and painful impression. The Baring crisis was still fresh in the public memory, and various journals of more or less importance commented upon the Australian position with some asperity. No run could be made upon the London agencies of the Australian banks as their deposits at call were not important, but, except in the case of four of the banks, deposits were withdrawn as they fell due, and between the failure of the Mercantile Bank and the close of the year 1892 about 2 millions which fell due were not renewed. The bulk of this money had to be remitted from Australia as the banks most distrusted had little money to their account in London. To make these remittances, and to meet the withdrawals of local depositors, the banks affected found it necessary to call in their advances, and, as too often happens in times of panic, it was the advances made to good clients that were called in, the weaker clients being unable to respond to any pressure brought upon them.

The resolution of the associated banks of 28th March 1892, setting out the agreement to support one another, had so far not been put to the test, and there were already indications of want of cordial agreement amongst them. It was subsequently asserted that the English banks, of which there were four, and the purely Australian institu-

tions were showing signs of antagonism to one another, but if there was any such antagonism it was confined to underlings, for the responsible persons were all too apprehensive of what might be coming to do aught injurious to their competitors. The origin of these tales may be found in the fact that there was manifestly no co-operation between the banks ; each one, sure of itself, was distrustful of the safety of its neighbour, and considered that depositors in demanding back their money were following an instinct which whether well or ill founded was, in the circumstances of the case, very natural.

All through the month of January 1893 the unrest continued, and towards the end of that month the directors of the Federal Bank, the headquarters of which were in Melbourne, came to the conclusion that in consequence of persistent withdrawals of deposits, both in Great Britain and in Australia, the bank could no longer carry on business. The directors were reluctant to suspend operations and made overtures to two other banks with the object of transferring the Federal Bank's business to one of them. Nothing, however, came of these negotiations, and the bank finally placed its position before the associated banks. The directors did not ask for direct assistance, as they were well aware that any assistance, however given, would only enable them to pay some of their creditors at the expense of others ; what they looked for was the liquidation of their business by the associated banks. Those banks were conscious that an acute stage of the crisis had now been reached. If the Federal Bank fell it was certain not to be the only failure, yet the banks could not undertake to assume the liabilities of their distressed competitor unless they were amply covered by its assets, and further, unless those assets were readily realizable. The first thing to be looked into was the condition of the assets. The representatives of four of the Melbourne banks made a careful examination and came to the conclusion that the bank's capital had been lost and probably a further sum, which they estimated at about £250,000. The

question then arose—would an arrangement be possible, under which the creditors would consent to write down the sum due to them by the amount of the deficiency, in the event of the shareholders not being able to meet the calls that would be made upon them? While this was being settled much time would be consumed, and during the delay the associated banks would have to find money to meet the deposits falling due. Eventually, though with great reluctance, the associated banks decided that no assistance they could give would avail to stave off liquidation, which in their opinion was inevitable. The Federal Bank therefore suspended payment on 26th January 1893, and on the following day the associated banks made public a resolution which they had arrived at when the suspension of the bank was determined on. The resolution was as follows :

The associated banks have not modified the resolution they adopted last year, by which they were pledged to render assistance to any of their number in case such should be required, but in the present instance assistance has never been asked for by the Federal Bank. That institution voluntarily placed their position before their colleagues in the association, coupled with the intimation that they had become convinced that the bank could not continue business, and must go into liquidation on account of the continued persistent withdrawal of deposits in England and the colonies ; and the associated banks were invited to undertake jointly the liquidation of the Federal Bank. Much time was occupied in investigation and discussion ; and finally the associated banks decided that the liquidation of one of their number was foreign to their ordinary functions, and as liquidation had become inevitable under any circumstances, it had better proceed in the ordinary manner.

This resolution did not pass uncriticized. The original resolution of 28th March 1892 was intended to restore confidence in the banks as a whole, and to a certain extent it had such effect as we have seen ; but, rightly understood, the banks had promised no more than that they would support solvent institutions, and the Federal Bank was not

one of these. Persons who had lost by the failure of that bank maintained that they had been misled by the statement of March 1892 into continuing deposits that would otherwise have been withdrawn, while others maintained the absurd position that the associated banks should have safeguarded every one of their members whether solvent or otherwise, and that the Federal Bank should not have been allowed to fail. As happens in all these cases, those who had the least to lose made the greatest clamour, and the publication of the associated banks' explanatory resolution of 27th January 1893 was the signal for the withdrawal of small accounts from all the banks. At the same time the steady withdrawal of deposits in Great Britain went on, and in Melbourne, Sydney, and Brisbane certain banks were marked out as being unsafe, and large and small accounts were removed from them to other banks. There was a large amount of hoarding, not only by persons who were really scared, but by many others who had no reasonable fear that all the banks would fail, but who thought it well for the sake of more abundant caution to remove part of their deposits from their bank.

Meantime the financial difficulties of the Government had led to its defeat. The new Government unfortunately showed no greater financial aptitude than its predecessor, and it was almost immediately compelled to put on the local market Treasury bonds for three, four, and five years, to the amount of £750,000, in order to meet pressing obligations. The demand was very inopportune, but the Government had no difficulty in obtaining the money by paying nearly 5 per cent for it. The banks recognized that if the bonds were not sold they themselves would have to advance the money, and were therefore glad to see the issue placed. On 20th February 1893 the associated banks took the very risky course of reducing the interest on deposits to 2, 3, and 4 per cent. It was not that deposits were being offered so freely that the banks could afford to make such reduction; it was simply that they could afford to pay no more. For a large proportion of their fixed deposits the banks were

paying 5 per cent, and they were not earning a clear 5 per cent on their investments. The expenses of banking were very heavy, averaging about $2\frac{1}{2}$ per cent on the deposits ; the banks paying 5 per cent interest would need to earn $7\frac{1}{2}$ per cent on advances to make them pay, and this was now beginning to be an impossible rate on good bills.

The *morale* of business during the month of March 1893 was deplorable, and the public at large looked to the various Governments to do something, but as to what that something was no two persons had the same opinion. Both in Sydney and in Melbourne the Cabinets were in constant communication with the bankers, and the Governments complained that they could get no coherent advice in that quarter. In Melbourne, where the ferment was greatest, the Treasurer asked the banks operating in Victoria to meet him on 13th March. All the banks sent representatives, but the Bank of Australasia, one of the two leading English banks, was not represented by its principal officer. The Treasurer was anxious that it should not be supposed that he was idle, and when the meeting separated he made an announcement to the Press which appeared on the following day. This announcement was : “ . . . the Treasurer of Victoria, with the approval of the Cabinet, has placed himself in communication with the associated banks regarding unfounded and alarmist rumours which have caused disquietude in the minds of the public, and we are authorized to state that the associated banks, having considered the position of affairs, have agreed to act unitedly in tendering financial assistance to each other should such be required, and that the Government of Victoria have resolved to afford their cordial co-operation. The absence of Mr. Sawers, the superintendent, from the colony has precluded the Bank of Australasia from assenting to the agreement, pending his consideration of the matter on his return to-day.” The immediate result of this announcement was a great improvement in the tone of the Stock Exchange and, for a few days, the price of bank shares rose. But the recovery

was very short-lived. On his return the superintendent of the Bank of Australasia gave his consent to the agreement on condition that the obligation accepted should be defined. This was agreed to, and it was announced that the agreement meant that "the banks would assist one another to such an extent as to each might seem fit." This was a declaration of individual action in contradistinction to the pronouncement of March 1892, which promised collective action, and instead of having a calming effect on public opinion the result was quite otherwise, for it began to be understood that the banks despaired of some of the members of their association.

From the middle of March 1893 the chief preoccupation of the Victorian Government was to save the Commercial Bank of Australia if that were possible. This bank was the principal bank of the colony, and its branches extended to every corner of Victoria. It had also established itself in some of the principal towns of the neighbouring colonies, and its fall would undoubtedly destroy public confidence in the banking business of the whole of Australia, especially in Great Britain where the bank was reputed to have collected deposits to the extent of 6 millions. The Commercial Bank of Australia had been more or less troubled by the withdrawal of deposits from October 1891 onwards, the demands upon it being most severe during the last quarter of 1892 and the first quarter of 1893. Shortly after the meeting of 13th March 1893, the bank asked for what to all intents and purposes was the intervention of the Government, and the Victorian Treasurer arranged with the other banks holding Government deposits that these should be transferred to the Commercial Bank of Australia; it was estimated that the amount to be so transferred would be somewhere about 2 millions. The Government also agreed to leave the deposit untouched for a reasonable time, and in order to do this it would probably have been compelled to borrow a like amount in London. The directors of the Commercial Bank felt that if the run upon the bank continued, the sum offered

might prove insufficient to meet the demands made by depositors, in which case, in the event of reconstruction, the bank would be in a worse position than if it suspended immediately. They therefore asked the associated banks if they would undertake to give the Commercial Bank of Australia any assistance that might be required, but the majority of the associated banks with little hesitation decided that this request could not be entertained, as they were not aware of the actual condition of the bank's business, and, in any case, to undertake to give unlimited support to that institution was to court disaster for themselves. Meanwhile the authorities of the bank had been busy on a scheme of reconstruction, and on the denial of their demand for assistance they immediately suspended payment. This was on 5th April 1893, and on the following day meetings of the depositors and shareholders were held at which the position of the bank was explained and a scheme of reconstruction announced. It might well have been expected that some bitterness would have been shown at these meetings, but, so far from this being the case, the depositors and shareholders agreed to the proposals of the directors with an enthusiastic unanimity which must have surprised the latter, who for more than six months had suffered the tortures of suspense and the humiliation of failure.

The bank at once opened its doors for the transaction of business, the device being adopted that moneys paid in were put to trust accounts, so as not to be confused with the accounts of the suspended bank. At the time of its suspension the Commercial Bank of Australia had liabilities to the extent of £14,694,056, the deposits included therein amounting to £11,949,000, namely, £5,639,000 due in Great Britain and £6,310,000 in various parts of Australia. The failure of this huge institution made a very unfavourable impression in Great Britain, where its activity in deposit-hunting was notorious, where its shares had maintained their prices until a month before, and where there had been no withdrawal of deposits. Even in Australia,

where its supposed condition had been the subject of gossip for the greater part of a year, there was much consternation ; but the cheerful alacrity, with which the depositors and others concerned in Melbourne accepted the scheme of reconstruction, appeared so reassuring that for a moment it was thought that the temper of depositors had been greatly misunderstood, and if steps had been taken to consult them earlier, the catastrophe would have been avoided. There can hardly be any doubt that such a view was erroneous. The people whose money was in the bank when it failed had been waiting anxiously for the due date to arrive when they might withdraw their deposits. They had passed through weeks of anxiety, and the bank-smash came as a relief, for now they knew the worst, and when next day a proposal was made which would seem to give them the hope of obtaining their money again, their critical faculties were for a moment obscured, and catching enthusiasm from one another they agreed to everything put before them.

It is hardly needful to say that the enthusiasm of the creditors of the Commercial Bank of Australia did not last long. The reconstruction scheme of the bank and the likelihood of its immediate return to business and opening operative accounts against deposits in trust had some unlooked - for effects. The Commercial Bank of Australia, in spite of its failure, retained a very considerable portion of its business, and for that matter the public perceived that a trust account was quite a safe place into which to put its money ; there was even a likelihood of the Commercial Bank under reconstruction becoming the temporary resting - place of money withdrawn from institutions that were still upstanding. This would have been a poor recompense for the banks that had conducted their business with prudence, and matters were made still worse for them when the public at large realized what the reconstruction of the bank actually foreboded. Depositors in other banks were in no mood to accept preferential shares in lieu of their deposit receipts, and a day

or two after the announcement of the Commercial Bank's scheme of reconstruction, that is to say, as soon as it was understood, the rush to other banks both for deposits at current account and for fixed deposits as they fell due, became furious, especially in the case of certain banks which public opinion had decided were tottering.

There was another unforeseen result of the Commercial Bank's action. It was seen that under the proposed settlement with its creditors the bank would have a capital of 6 millions, and would therefore, from the point of view of capital, be the greatest institution of Australia. Several of the banks, perhaps the majority of them, perceiving that their own fall was only a matter of time, calculated that it might be better to bow to the inevitable, suspend before they were drained of the last penny, and have a triumphal reconstruction such as the Commercial Bank of Australia seemed about to achieve.

On 13th April the English, Scottish, and Australian Chartered Bank suspended payment, owing its creditors £8,268,349. The head office of this bank was in London, and it was the first English bank that failed. On 21st April the Australian Joint-Stock Bank, whose head office and the greater part of whose business were in New South Wales, closed its doors with liabilities to the public of £13,078,494. This bank had been run upon persistently since the fall of the Mercantile Bank of Australia, and before suspending had made a demand for assistance upon the other banks operating in Sydney, but in view of the bank's financial position help was refused. On 26th April the London Chartered Bank, an English institution, suspended, owing £8,752,558; its two principal branches were in Melbourne and Sydney.

Patterson, who became Premier of Victoria in January, was urged to take such steps as were possible to improve the situation, by making the notes of the banks legal tender, and by giving a Government guarantee which would make a portion of the current accounts available, but he did not adopt either suggestion. He was advised that any notes

proclaimed legal tender without at the same time being convertible into gold would go to a discount ; he therefore determined not to interfere with the course of events. But from this position he was quickly driven by the intimation which reached him on the evening of 29th April that the National Bank of Australasia would not open on the following Monday (1st May). The National Bank was almost of equal standing with the Commercial of Australia, and had branches in every part of Victoria. Its liabilities were £12,885,987. It was too late to prevent the bank from suspending, as notices of suspension had already gone out to the various branches, but Patterson determined to give the public time to come to its senses again. Accordingly, hastily calling his colleagues together, the Premier proceeded with them by special train on 30th April to the country residence of the acting Governor, and, an Executive Council meeting having been held, a gazette notice was issued proclaiming a five days' moratorium from the 1st to the 5th of May. Never was there such consternation in Melbourne as when the public learnt what had been done. Naturally, instead of the excitement calming down as the Government expected, it rose to fever heat, and it was hastily assumed that all the banks would have had to suspend had it not been for the Government's intervention. When, however, it was discovered that the two great English banks, the Australasia and the Union, as well as the Bank of New South Wales, had opened their doors to transact whatever business it was possible to transact on a bank holiday, and, as nearly all the other banks presently followed the same course, the excitement subsided and the public became concerned chiefly at the incapacity of its rulers during so grave a crisis.

The Colonial Bank was one of the few banks that had remained closed during the moratorium, and it did not reopen on 6th May. This bank, whose business was confined chiefly to Melbourne, had liabilities to the amount of £4,394,280. The crisis was now almost at an end. Of the purely Victorian banks only one, the Royal Bank of

Australia, remained standing. Two English banks, the Bank of Australasia and the Union Bank of Australasia, with large interests in Victoria, also remained, as well as the Bank of New South Wales which, though, as its name indicated, primarily a New South Wales institution, was greatly concerned with Victoria. In the whole of Australia only ten banks weathered the crisis. Altogether twenty-two banks failed between July 1891 and May 1893; five in 1891, four in 1892, and fourteen in 1893, including the Standard Bank which failed in 1891 as well as in 1893. With the exception of the Federal Bank, whose failure happened on 29th January, and which was admittedly insolvent, all the banks that stopped payment in 1893 immediately reopened for the transaction of business, customers who wished to continue their connexion with the bank being secured by the opening of trust accounts which were protected from the other creditors of the bank. The banks also, without delay, put in hand the task of their own reconstruction. They did this with great cheerfulness, the most extraordinary feature about their proceedings being that the direction of the reconstruction was almost invariably placed in the hands of those who were responsible for the condition in which the banks found themselves at the crisis.

The Commercial Bank of Australia suspended business on 5th April 1893, and on 6th May, that is thirty-one days later, it had been reconstructed and reopened for ordinary business. Not all the reconstructions were put through at this speed, the average time for the ten Australian banks was fifty-five days, while the two English banks took more than twice that time to make arrangements with their creditors. There was a disposition in England to hold a searching scrutiny into the business of the suspended banks, but that attitude was exceptional in Australia, where it was deemed almost a patriotic duty to help the banks in the work of their reconstruction, and to refrain from criticism.

At this distance of time a review of the proposals of the

banks for their reconstruction would have little interest, but it may be said that they were based on the most egregious optimism and a disregard of the manifest rights of the depositors. Underlying the various schemes there were the assumptions that the banks would lose nothing by reconstruction, that business would remain as profitable as before, and that their assets had suffered no depreciation. The time allowed for the consideration of the reconstruction schemes was so short that, without any real knowledge of the actual condition of the banks, these schemes were adopted, with slight modification, by the depositors, and approved by the Supreme Courts, to which they were submitted as required by law. These schemes provided for the locking-up of the fixed deposits for terms of various lengths ranging from seven to fourteen years, in some instances for the acceptance of inscribed stock, and, monstrous to relate, in one instance of preference shares. The deposits amounted to 68 millions, of which $10\frac{3}{4}$ millions were on current account and $57\frac{1}{4}$ millions on fixed deposit ; of this last-mentioned sum £3,823,000 was transferred to capital account as preference shares, and £3,485,000 converted into inscribed stock, that is to say, perpetual deposits. The banks proposed to allow $4\frac{1}{2}$ per cent on the locked-up deposits ; this was a reduction on the average interest payable previous to reconstruction, which in several of the banks exceeded 5 per cent. Interest was payable also on the locked-up current accounts, but all the banks found it convenient to free these as soon as possible, and they were all paid off or released before the close of the year 1893.

No sooner were the banks at work after reconstruction than the majority of them found that the assumptions underlying their reconstruction schemes were fallacious. In undertaking to pay $4\frac{1}{2}$ per cent on their locked-up deposits, the banks assumed that the average rates of previous years would be maintained. In this they were speedily undeceived, as the market rate dropped to 2 per cent for deposits for six months and $3\frac{1}{2}$ per cent for twelve

months ; consequently the reconstructed banks laboured under a heavy handicap in their competition with the other banks. During the 'eighties, and indeed almost up to the crisis itself, the demand for money had been insatiable ; after 1893, however, it fell off. Consequent on this and on the cheapening of money the rates charged for banking accommodation were reduced, and whereas in 1893, 9 per cent was the usual rate for overdrafts and 8 per cent for good bills at three months, in 1894 these rates fell to 7 per cent and in 1896 to 6 per cent. To enable the banks to pay the same dividends as before their reconstruction it would have been necessary for them to earn at least $7\frac{1}{2}$ per cent on the whole of their trading assets. If the whole of those assets had remained intact, the reduction in the accommodation rates from 9 to 7 per cent would have wiped out half their expected profits, but in view of the fact that the best and most carefully managed institutions acknowledged they had suffered important losses, it would be absurd to suppose that the reconstructed banks had suffered none. When the affairs of the banks were independently investigated very large losses had to be admitted, and a revision of the capital, stock, and reserved profits of the banks undertaken. Five of the suspending banks wrote off a considerable portion of their original capital, and all, with the exception of the Commercial Banking Company of Sydney, which ought never to have suspended, the Queensland National Bank, and the Bank of North Queensland, greatly reduced their reserves, in most instances entirely wiping them out ; while these reductions were being made several of the banks called upon their shareholders to pay up the whole or a portion of their reserved liability. Between March 1893 and March 1894 £1,145,000 was written off capital amounting to £8,336,000, and £1,978,000 new capital called up, while £4,143,000 was written off the reserve funds. This shows an acknowledged loss of £5,288,000, but this was by no means the whole tale, as an additional sum of about £4,250,000 was demanded from shareholders out of their

reserved liability, making a total of £6,228,000 of new capital called up, which, with the sum written off, made the provision by the reconstructed banks for losses visible in March 1894 over £11,500,000. As will be seen when the subsequent history of the banks comes to be dealt with, this provision was by no means adequate, and shareholders had to submit to further sacrifices to make good the losses of this period. Nor were these banks, with the exception of the Commercial of Sydney, able to keep faith with their depositors and pay the interest contracted to be paid at the time of their reconstruction, or give their preference shareholders their dividends, and the shareholders and the courts had to be asked to vary the original agreements. Such was the inglorious ending of institutions whose fortunes at the opening of the period seemed full of promise of success.

After the bank crisis was over there still remained a few private companies to fall. The most important of these was the firm of Goldsborough, Mort & Company, which suspended payment on 26th June. This firm was originally, and at the time of its failure still principally, engaged in the wool business and in financing pastoralists, and, to supplement its capital, had issued in England £2,000,000 of debenture stock. The company also received deposits, of which it held £384,000 when it suspended. It had suffered considerably from the withdrawal of its deposits, but the immediate cause of failure was its inability to come to an arrangement with its debenture-holders. The debentures fell due on 1st July 1893, and arrangements for their conversion into permanent stock were proceeding satisfactorily when the great bank failures took place and put an end to all hope of the debenture-holders agreeing to convert the debentures, and the company went into liquidation, but was afterwards reconstructed.

A consideration of the financial history of Victoria from 1881 to 1893 shows how deeply the colony was infected with a desire for speculative gains, and how vitally

this affected its economic life, distracting capital and labour from legitimate industry and diverting enterprise from its proper channels. Land, land companies, financial companies, gold-mines, silver-mines, tramway companies, and many other undertakings became in turn the occasion for excited speculation, followed very often by something like panic. It cannot be doubted that a great amount of the speculation, which took place after the land boom was over in 1888, was brought about by vain attempts on the part of men, who had involved themselves, to retrieve their fortunes. Most unfortunate was the fatal facility with which derelict companies were enabled during 1889 and 1890 to bolster themselves up with British money, as it is plain that had the companies which were insolvent at the end of 1888 been compelled to exhibit their real position, not only would their fall have been a smaller matter, but it must have had a sobering effect upon the financial world of Melbourne. As it was, the credit of almost every financial institution in Victoria was destroyed. The Victorian Government itself suffered deeply in its credit, as it deserved to suffer. It had set an example of foolish borrowing and reckless expenditure ; it had neglected to deal with the generally admitted evils in connexion with public companies ; it had refused to investigate the state of the land and building societies in June 1891, and its Voluntary Liquidation Act later in the same year was an act to prevent investigation by a disinterested tribunal, and a repudiation of the principles embedded in the law for the protection of minorities. In the end it remained supine under the calamities of 1893, and its only interference was to increase and not to mitigate the difficulties which had arisen and threatened to overwhelm the country. By its gross mismanagement of the finances of the country it threw a heavy burden on the banks when they could least bear it.

Even after the *débâcle* the Government, as well as the rest of the community, seemed unable to realize the true position of Victoria. In July 1893 the Treasurer in his

budget statement calculated upon an increased revenue in the following year, just as the banks reckoned on a continuance of their former profits. The reconstruction schemes were all based on the idea that Victoria was still able to respond to large demands for capital. The twelve Australian reconstructed banks arranged to call up 6½ millions of additional capital within about two years, and of this from 4 to 4½ millions fell to the lot of Victorian shareholders, a strain upon Victoria's resources which it was ill able to bear.

The reconstruction schemes of the banks and other institutions found little favour with English investors, and naturally it was long before they ceased to look with suspicion upon private investments in Australia.

QUEENSLAND

Queensland joined heartily with the southern colonies in their efforts to precipitate progress by adopting a vigorous policy of public works, and this policy was so far successful that for some years after it was entered on there were important industrial developments in several directions. During the five years 1873-77 the pastoral industry was greatly extended and cattle-breeding established as the chief industry of the colony, without materially affecting wool-growing, to which pastoralists had previously devoted most attention; in mining, also, there was very good progress, and a considerable amount of British and other capital was brought to the colony to assist these industries. The progress of the country was reflected in its exports, which rose from a value of about £3,000,000 in 1872 to £4,361,000 in 1877, and in its public revenue, which was £988,000 in 1872 compared with £1,569,000 in 1877. The ordinary expenditure of the colony was kept, on the whole, well within the income, but the loan expenditure was largely increased, rising from a modest £150,000 to £888,000 a year.

There had been intermittent droughts during these

five years, but not such as to impede progress ; in 1878, however, the colony was afflicted by a very severe drought. The production of gold, copper, tin, wool, meat, hides, tallow, sugar, and other articles declined, and the value of exports fell away by one-fourth ; there was some recovery in 1879, but the year was far from prosperous. Griffith was in power in 1878, and the disappointment which was naturally felt with the untoward season was irrationally visited by the electorate upon him. He was defeated at the elections of 1879, McIlwraith becoming Premier.

The new Premier was a man of boundless energy, whose temperament suited the times. He at once entered upon a policy of expansion and of lavish borrowing for the construction of public works, which was maintained by him and his successors as long as the British money market was open to them. Railway construction had been going on at the rate of about twenty to thirty miles a year. The new Government determined to quadruple this, and when it had been only a few weeks in office it authorized the flotation of a 4 per cent loan for £1,184,000. This was placed in London at what was considered the very satisfactory price of £89 per £100 of stock, and the Government felt free to proceed with the railways already authorized and plan other extensive undertakings.

While this loan was being arranged, McIlwraith took a step momentous in its effects on the banking history of the colony ; this was the transference of the Government account from the Union Bank of Australia to the Queensland National Bank. The Union Bank was an institution with large interests outside Queensland, and had naturally found it advantageous to employ some of the deposits obtained in one colony in making advances in another, and the ostensible object of the change made in the Government's banking arrangements was to secure the investment of the Government balances in Queensland. The step, unfortunate in itself, was not rendered less so in appearance by the fact that McIlwraith was a director of the institution

which benefited by the change. At the time of the transference of the account the deposits in the National Bank amounted to less than a million, and the Government balances exceeded that sum, so that its effect had the appearance of more than doubling the resources of the local bank. The balances transferred were, however, to the credit of the loans account, and it was the declared policy of the Government to press on the construction of public works, which was only possible by the expenditure of loan money. Prudence therefore demanded from the bank that the Government balances should be available to be drawn against at any time, and it must have been well known to the Ministry that the Queensland National Bank could not employ so large a sum of money in ways which would allow it to be readily accessible. The Government, by requiring, as it did, that its balances should be used in advances to persons engaged in the development of the colony, either contemplated the tying-up of its money for a long period, or was blind to the fact that if, at any time, it should insist on prompt repayment, it would endanger the stability of the bank. The intention of the Government undoubtedly was to add to the permanent resources of the bank in order that it might be in a position to encourage Queensland enterprises, and possibly to lower the rates for advances. That there was no intention of recalling the money except by long notice and by arrangement with the bank must have been obvious to every business man in the colony. If there remained any doubt as to Ministerial intentions, this must have disappeared when in April 1880 the Government placed a loan for £2,000,000 in London, and so obtained sufficient funds to carry on its public works for at least two years, without touching the proceeds of the previous loan deposited with the National Bank.

The Queensland loan of 1880 was very well received in London, three times the amount required being offered at an average price of £90 : 14 : 5. In spite of this success, McIlwraith believed that it was neither possible nor expedient

to obtain by loan the money needed to construct all the railways his Government had planned, and he therefore suggested that certain lines, which were obviously incapable of paying working expenses as well as interest on the cost of their construction, should be built on the American land-grant system. In September 1880 he laid his proposals before the Legislative Assembly and asked for power to enter into an agreement with contractors for the construction of a portion of a trans-continental railway on the land-grant system, such agreement to be subject to its subsequent ratification by Parliament. In this permissive form an Act was passed, and the Government began negotiations with a syndicate of English contractors.

The years 1880 and 1881 were very prosperous. The revenue, which had remained practically stationary during the three years preceding McIlwraith's accession to office, increased rapidly, and the country at large was satisfied with the Ministry's management of public affairs. This flourishing condition of the revenue accounts sprang from the active demand for land induced by a succession of good seasons and increased immigration, but, above all, by the large inflow of capital.

Three different classes of land were mainly in request : the pastoral lands, the sugar lands in the northern coastal districts, and land in Brisbane and its suburbs. During 1880 pastoral lands belonging to the Crown began to be eagerly taken up ; there were also large sales of other kinds of Crown land, as well as resales of land already alienated. At the outset the scramble for land was confined to private persons, but in a little while the land companies joined in, and the business assumed an aspect of pure speculation. The chief local institution engaged in the land business was the Queensland Investment and Land Mortgage Company, but branches of Victorian and New South Wales land companies were its eager competitors.

The western pastoral districts were the favourite field for squatting investments, sheep and sheep country being in particularly high favour. Lightly stocked runs found

a very ready market ; larger stations were sold at the end of 1880 at prices averaging about 30s. per head of sheep and £5 per head of cattle, and in the middle of 1881 the sales of station properties amounted to £320,000 per week. There were few material improvements on the runs, and scarcely any purchased land ; the price of store sheep in 1881 was about 5s. per head and of cattle about £2, so that the difference between these prices and what was paid for squatting properties represented the substantial bonus given by the purchasers for the Government leases, and showed unlimited faith in the progress of the colony and a reliance on the seasons, unwarranted by past experience and unfortunately not justified by the results.

In Brisbane and its suburbs sales of building land were on a very extensive scale. The town was in process of being rebuilt, and high prices were paid for sites in Queen Street and other central parts, where "brick buildings two stories high, with a basement," were replacing the wooden structures of early days. In the suburbs the breaking up of estates into small allotments for building purposes went on briskly. The extension of the railways had opened up new suburbs, and during 1881 small allotments of 16 perches, on the Sandgate Road, one of the newest suburbs, sold for £85 to £130 each, and land in larger blocks for £1300 per acre. The columns of the Brisbane *Courier* contained numerous advertisements of land sales, some of them with the accompaniment of "champagne lunches," so numerous in Melbourne at this time.

The sales of private properties, including station properties, were nearly always made upon a basis of long credit, suburban allotments being sometimes paid for by quarterly instalments extending over three or more years. The money to finance these land purchases was provided, to a large extent, by the banks, and the effect is seen in the total of the bank advances, which during 1881 were increased by nearly £1,200,000. The building societies and the land and mortgage companies were also busy finding funds, and

a good deal of the money for the purchase of squatting properties came from Victoria and New South Wales.

The sugar industry had been extremely prosperous during the four years 1877-80, the dry seasons not affecting the canes injuriously, and this, with the easy terms granted by the Lands Act, led to large areas of sugar land being taken up. About 800,000 acres of Crown lands, including sugar lands, were sold during 1881, and in the disposal of these the system of payment by instalments was ordinarily adopted. In Queensland as in the other colonies, the proceeds of the land sales were thrown into the general revenue; so that the Government found itself in possession of an abundant revenue, and in spite of increased expenditure it was able to close the year with a surplus. This circumstance, combined with more general causes, brought about a rapid rise in the price of Queensland securities in London; the 4 per cents issued at £90 : 14 : 5 in the preceding year stood at £103 in June 1881, and the Government took advantage of its improved credit to place another loan in London which was subscribed at an average price slightly above par.

At the end of 1881 there was a lull in the sale of pastoral stations in the western districts, as the prices demanded daunted all experienced bushmen, and even reckless speculators thought it time to stop. As the year 1882 advanced the season proved so good that speculation revived, and investors seemed to forget that there had ever been a drought in Queensland. The pioneer squatters had by this time made way for capitalists and public companies, determined to use the country to its full capacity; most of the stations were stocked beyond prudent limits, and there was such a demand for sheep that it became difficult for flock-masters to obtain what they required. As regards town lands there had been no cessation of speculation. In Brisbane the prices obtained were sometimes extraordinarily high. A block of land at the junction of Queen and Adelaide Streets, with a frontage of 66 feet to the first-named street, was sold for £13,500; similarly high prices

were obtained for many other town blocks, and these were quoted with great satisfaction, as illustrating the rapid progress of Brisbane, now that the Government and the community were alive to the certainty of Queensland's progress and the advantageous position of its capital.

The money to carry on these speculations was provided mainly by the banks, whose advances were increased during 1882 to £7,300,000, thus exceeding the total of the previous year by about £2,000,000. The local resources of the banks, including the Government deposits, were not sufficient to enable these advances to be made. In order to obtain what was required the banks were freely accepting money in London, and it is probable that in December 1882 over £2,500,000 of British deposits were already employed in Queensland ; more would willingly have been accepted had more been offered. In order to continue their advances the banks raised their deposit rates in August 1882 to 5 per cent for money fixed for a year, with the usual modified rates for shorter terms, at the same time the rate for overdrafts was advanced to 8 per cent, and to 6 and 7 per cent for good bills ; a little later in the year deposit rates were advanced by $\frac{1}{2}$ per cent and discounts by 1 per cent.

Speculation continued during 1883, but was limited by the inability of the banks to meet the demands of the speculators, and general business was dull in contrast with the buoyancy of the two previous years. There was no decline in the price of town lands, but transactions were much less numerous ; sales in Brisbane continued to be made at high prices, and the municipal assessments of 1883 showed a very considerable increase, indicating both the current estimation of values and the expectation of a further increase. The eagerness to acquire pastoral lands was unabated, and at a Government sale in June 1883 as much as £20 per square mile was bid for pastoral leases. The extension of the railways to the west had increased the accessibility and value of land in that region, but gave no sufficient justification for the advance in prices which

had occurred, and the drought which settled down on the colony during the later months of 1883 gave to those who cared to see, a warning of the vicissitudes of the pastoral industry.

The dulness of general business in Queensland during 1883 cannot, however, be ascribed wholly to local causes. Until the return of the drought the productive industries were flourishing, and the exports bounded up from about £3,500,000 in 1882 to £5,250,000. But most of the banks operating in Queensland had their headquarters in Melbourne or had large commitments in that city. In 1883 Victorian enterprise was under a cloud, and money very difficult to obtain, and as the speculations of 1881 and 1882 had been carried on principally by Victorians, the tightness of money in Melbourne had direct consequences also in Queensland. In April 1883 there was much apprehension in financial circles lest the Government should be compelled to reduce its local deposits ; in fact, the Government did withdraw some money from the Queensland National Bank. While the position was in doubt, the banks refused to lend any more money on station properties. The opportune placing of a loan for £2,500,000 by the Government relieved the situation, and though there was no lowering of the bank rates there was an easier feeling in the money market during the remainder of the year.

The improved interest rates of August 1882 had some effect in increasing local deposits, but, owing to the withdrawal by the Government of some of its money, there was a net increase during 1883 of £482,000 only ; a considerable sum, probably about £750,000, was obtained in Great Britain, and the banks were thereby enabled to meet the demands upon them to the extent of about £1,000,000 in excess of the advances of the previous year.

The negotiations entered into by the McIlwraith Government, after the passing of the " Railway Preliminary Act of 1880," with an English syndicate for the construction of a land-grant railway, were completed and ready to submit to Parliament early in 1883, and a Bill was then

introduced by the Government setting out the precise terms of the contract and proposing their acceptance. When the scheme was first put forward there was a reasonable doubt as to the possibility of the colony being in a position to borrow in London all the money required to construct its railways, but the favourable reception given in England to all recent applications on behalf of Queensland, encouraged the belief that money necessary for railway construction could always be obtained. Even if it could be assumed that the necessary money could not be obtained by loan, the land-grant system was denounced as a most wasteful and extravagant alternative. There was a keen demand for land, genuine settlers as well as speculators were willing to pay high prices for it, and it was argued that the money value of the tract of land proposed to be handed over to the syndicate was several times greater than the direct and indirect expenses involved in the construction of the railway. The Bill, therefore, did not commend itself to many people and met with special hostility from the squatters, owing to the proposed compulsory resumption of the lands through which the railway passed, large areas of which were leased to them.

There was one and only one effective answer to the criticism of McIlwraith's proposal. The railway he desired to construct had an importance apart from any trade consideration. It was trans-continental and of great potential military value. If the land-grant system were not employed, the greater part of the line would remain unconstructed, as it would scarcely pay working expenses, much less interest on the cost of construction. In Australia, proposals of an unusual character involving demands on the public purse are almost always looked upon with suspicion. The man in the street is ever ready to attribute the worst possible motives to the politicians with whom the proposals originate, and in the case of McIlwraith, while the wild rumours current regarding the gain which he and his friends expected to make out of the

railway concession were entirely baseless, his position in regard to a contract for rails, in which his firm was involved, was very unsatisfactory, and caused the alienation of many of his supporters.

When on 5th July 1883 the Railway Bill came on for its second reading it was rejected by eleven, a considerable majority in a house of forty-three members. McIlwraith had been so closely identified with the policy embodied in the Bill that its rejection called for either resignation or a dissolution ; the latter course was adopted and at the General Election the Government lost its majority. The policy of land-grant railways and the personal indictment of McIlwraith and his colleagues naturally occupied a prominent place in the attention of the electors, but the question of the introduction or exclusion of coloured labour was equally prominent. Griffith became Premier in November 1883, and when his Government met Parliament in January it secured almost immediately the repeal of the Coolie Act of 1862. It pronounced itself definitely in favour of the employment of white to the exclusion of all forms of coloured labour, and incidentally of a vigorous policy of immigration to supply planters and squatters with labour necessary to the expansion of the industries in which they were engaged. The Railway Preliminary Act of 1880 was likewise repealed ; the Government undertook to proceed vigorously with the construction of railways, and presently found itself involved in a rapid succession of loans and in most extravagant expenditure.

There was a drought during the summer of 1883-84, which was far more severe than any that had been experienced for many years. With the exception of the northern coastal district, where the season was unusually wet, the whole colony suffered. The Darling Downs was specially affected, and a blade of grass was not to be seen throughout its whole area. Drought prevailed over almost the whole of Eastern Australia, thus making the condition of Queensland far worse than it would have been otherwise. Almost the first effect of the drought was the cessation of

speculation in pastoral properties. Many men who had recently bought station properties found themselves completely ruined. The banks and other financial institutions refused them assistance; indeed, it was difficult for any pastoralist to borrow from the banks, and in the few cases where money was advanced it was at rates ranging from 7 to 10 per cent. But the drought did not put an end to other forms of speculation. The boom in town lands continued during 1884, and gold-mining stocks, which had grown greatly in importance since 1881, were very eagerly bought with little regard to their intrinsic merits, and mainly with money borrowed from the banks.

In May 1884 a loan of £2,676,000 was floated in London at an average price of £99 : 10s. per cent. Money was very plentiful at the time, and the Australian banks found no difficulty in securing a considerable volume of deposits both in England and Scotland. The Queensland National Bank was very diligent in seeking out such deposits, offering 4½ per cent for money left with it for one, two, or three years. It was by reason of the possession of this money that the banks were enabled to increase their advances by £1,000,000, as the local deposits showed little improvement in the year in spite of the tempting interest offered. The Bank of New South Wales reduced its discount rates in July 1884 by 1 per cent to 6, 7, and 8 per cent, but the associated banks of Brisbane maintained the higher rates, although the interest on deposits fixed for three, six, and twelve months was lowered to 3½, 4½, and 5½ per cent, and afterwards to 3, 4, and 5 per cent.

Towards the middle of 1884 rain fell in the coastal districts and in the Darling Downs, but there was no rain in the western districts, and in September drought conditions again prevailed over all the colony; pastoralists were in despair, and much land that had been leased actually reverted to the Crown. There was a large falling off in the purchases of agricultural land, but as a new Lands Act had come into operation, it was a moot point

whether the diminution in settlement was attributable to the drought or to the changed conditions under which Crown lands could be taken up. General business was so seriously affected that in order to avert unemployment the Government decided to undertake the construction of public works on a very large scale. In December 1884 estimates to the amount of £9,980,000 for railways and other public works were adopted, and a loan to cover this expenditure was authorized. The prospect of this large sum being expended in the colony had a considerable effect upon the money market, doing a great deal to maintain speculation and to prevent the drought from exerting its full prudential effect. The first instalment of the new loan was raised in May 1885; £2,500,000 was asked for and £3,375,000 tendered for at an average price of £97 :19 : 4. The Government was now free to prosecute its public works programme.

At the end of 1884 an event of great financial importance occurred, the discovery of gold at Mount Morgan. This mine, with its extraordinary deposits of gold, immediately provided a large amount of employment, and for some years was to pour out upon the colony £1,200,000 in yearly dividends. This large sum combined with the Government expenditure, and the British deposits in the banks, produced a plethora of money during 1885 and the two succeeding years. There was little opportunity of employing this money in productive enterprise, and much of it was used in financing land speculation in Brisbane and its neighbourhood. Many syndicates were formed whose business it was to buy land in blocks and resell it subdivided into building lots. These lots were in great demand, and the newspapers at the middle of the year record the sales, through one agent alone, of building land valued at a quarter of a million. Many investors from other colonies joined in the speculation in Brisbane sites, and as much as £1000 per foot frontage was offered to the Queensland National Bank for its new premises, but the offer was refused. As the year advanced

the syndicates extended their operations to the smaller towns of the colony and found numerous purchasers willing to pay extravagant prices for lots, remote from the possibility of any profitable use.

The drought was not so general during 1885 as in the preceding year, but in the Maranoa, Warrego, and some other districts it was quite as serious, and the pastoralists suffered severely. Agriculture generally was also greatly affected as the rain did not come until November, when all chance of saving the crops had passed ; but for the planters the season was excellent, and the export of sugar, valued at £720,921, was far in excess of previous records. The most satisfactory industry, however, was gold-mining. The yields from most of the old fields had improved, and to these was now added that of the great Mount Morgan mine. It was largely owing to the dividends from the gold-mines that the deposits in the banks rose during the year from £6,322,000 to £7,188,000. The Government expenditure on public works was very large during 1885, 228 miles of new railways were opened for traffic, and employment generally was good. In spite, then, of the prostration of the greatest industry of the country and the very slight assistance granted to the pastoralists by the banks, the advances made by these institutions rose during the year from £9,338,000 to £11,448,000, the greater part of the new money being derived from sources outside Australia.

The speculative spirit was still strong in the opening months of 1886, but the banks were no longer disposed to finance the operations of land speculators. The building and land companies had made extensive advances during the previous year and would have been glad to continue their operations. Failing to obtain the money they required from the banks, they entered into competition with those institutions for the deposits of the public. Thus in May 1886 the City and Suburban Permanent Building Society and the Metropolitan Permanent Building Society advertised for deposits, offering 5 per cent per annum for

money fixed for three months, 6 per cent for six months, and 7 per cent for twelve months. As in Sydney and Melbourne, new societies were brought into existence to take advantage of the apparently insatiable demand for building land. These specialized in the lower-priced suburban land, and the sale of allotments went on briskly. A small initial deposit was required from purchasers, the payment of the balance of the purchase-price being extended over three or more years with interest at the rate of 8 per cent.

The competition of these speculative building societies with the banks of issue was at no time serious, but it was thought that, so far as deposits were concerned, it might become serious, and the Government decided to limit their borrowing powers. In October 1886 an Act was passed restricting the sums legally receivable on deposit, or which might be borrowed by building societies, to three times their paid-up capital and accumulated profits. The Act was without effect, as societies desirous of accepting an unlimited amount of deposits registered as public companies, and thus escaped all Governmental supervision.

The land boom had no real cause in the general prosperity of the country. The drought had crippled the great pastoral industry, and brought ruin not only to the pastoralists, but to large numbers of carriers and others engaged in the handling of wool or other products; agriculture in some districts was suspended, and the failure of these productive industries was ill compensated for by the Government expenditure. There was something not unlike a panic in October 1886; it was rumoured that the Government intended to withdraw its deposit from the Queensland National Bank, and it was universally felt that if this were done, the pressure everywhere being placed by the banks upon debtors would be greatly increased. The rumour proved untrue; the Government was in possession of ample funds, having successfully placed a loan for £1,500,000 earlier in the year. A reassuring statement was made which allayed the public apprehension,

but the feeling of depression remained. The Government had imposed some new taxes, but in spite of this, a surplus revenue in June 1886 had been turned into a deficit at the end of the year. A considerable number of bankruptcies occurred, some of them involving large sums. The principal failures were amongst the land speculators, but there were others of men who had not speculated, whose misfortune was attributable to the drought. Mining was the only industry which was genuinely prosperous, and to the mines the speculators now gave their undivided attention. Towards the end of 1886 a large number of gold-mining companies were put upon the market, some in the colony and some in London. Of the latter not a few were mines for which the Queensland public had declined to subscribe, and a warning to that effect was issued and appeared in the London newspapers. Little heed, however, was paid to it, and the wild speculation continued. Griffith, alarmed for the public credit of the colony, took the unusual step of directing the Agent-General to state officially that it was necessary that investors should be on their guard, as some of the mines offered were not known in Queensland. But the accounts of the Mount Morgan mine had fired the imagination of the speculators; the official, like the unofficial, warning fell upon deaf ears, and no mine was so poor that its shares could find no purchasers.

There were very important developments in mining during 1886, although not as extensive as the speculation in shares might be thought to connote; but this did not compensate for the malaise of all other industries, and the following year opened with a general dulness. During the first quarter of 1887 there was a slight decrease in the advances made by the banks, and their local deposits showed hardly any increase. In February the Queensland Government placed a loan in London for £2,500,000; the interest was 4 per cent and the issue price par. The subscriptions received just covered the loan at an average price of £100 : 0 : 6, and the financial authorities spoke of the loan as a failure, but the colony obtained the money,

and that was all that troubled the Government. The receipt of this money rendered the financial position in Brisbane fairly easy, and when in August 1887 the Melbourne and Sydney banks lowered their deposit rates to 2, 3, and 4 per cent per annum for money fixed for three, six, and twelve months, the Queensland banks shortly afterwards followed by reducing their rates to $2\frac{1}{2}$, $3\frac{1}{2}$, and $4\frac{1}{2}$ per cent. This easing of the money market brought about a slight revival of land sales in Brisbane and some activity in the share market. Towards the end of the year money for good investment was again plentiful, and there was renewed speculation in mining, especially in Mount Morgan shares, the £1 shares in that great mine being freely sold for £7 : 10s., but the dividends paid were such as amply to justify this price.

The season of 1887-88 was the best the country had experienced for many years. The crops were abundant, the increase of sheep and cattle was very large, and capital again began to flow into the colony from Victoria and New South Wales. The deposits in the banks began to mount up in spite of the attractions of the building societies and minor deposit banks, which were offering considerably higher rates of interest. The promise of 1888 was brighter than any year since 1882. Land speculators once again took heart. Advertisements calling the attention of "speculators, artisans, and working-men" to the "opportunity to make a small fortune" were to be seen in the daily papers. All that was required was a small deposit, credit for two or more years being given for the balance of the purchase-money. Thousands of small allotments were bought on these terms, and great activity was displayed in the disposal of properties in the business parts of Brisbane. In July 1888 there was every indication of a land boom following on the lines of Melbourne and Sydney. Enormous prices were paid for choice city blocks, and there were sales and resales within a few weeks, each transaction showing a substantial profit to the seller, that is, if the purchaser carried out his contract.

The boom was not confined to land sales. The flotation of new companies had been going on vigorously for some time, 244, with a nominal capital of over £31,000,000, being registered in the twelve months ending with the 31st May 1888. Of these, 197 were formed for the prosecution of either gold, silver, tin, or coal mining, and in many cases the promoters looked to London for the subscription of the required capital. In June 1888 the Financial Guarantee and Agency Company put its shares on the market, and these at once went to a premium, more on account of the mood of the public than of genuine merit in the business proposed. In July the Queensland Executors, Trustees, and Agency Company was floated. This latter had a capital of £500,000. The Brisbane financiers had latterly greatly widened their outlook, and were bent upon travelling, as far as circumstances would permit, along the path which the grandiose financiers of Victoria had taken with such apparent success. The Victorians, however, had a continent to work upon; but the efforts of the Queenslanders hardly ever extended beyond their own colony, and as Brisbane was too small for operations of importance, and the rest of the colony had already been worked over, they were not greatly successful.

The great boom in Broken Hill silver mines, which was still in progress during 1888, hardly touched Brisbane, and the speculators who were preparing for a tin-mining boom were disappointed in their expectations, as the collapse of the tin syndicate in Europe had been followed by so great and continuous a fall in the price of the metal, that speculation in tin-mining became no longer possible. The Brisbane Stock Exchange, however, was not idle during the year, as there was a boom in gold-mining shares, especially those of Mount Morgan, which at the middle of April 1888 were freely selling at £10 : 5s., and in the following June at £14.

With the passing away of the drought, the general revenue of the colony showed substantial improvement, but the claims upon it increased apace. The Government

had continued its policy of railway construction, but the justification for such had ceased. A large part of the railways were political lines, undertaken to satisfy supporters or conciliate constituencies, and had no prospect of paying their way in the near future, if at all. The railways in 1883 had paid £4 : 9 : 9 per cent on their capital cost after allowing for all working expenses and charges ; in 1888 the return had fallen to £2 : 12 : 5 per cent, so that the public debt of £25,840,000 imposed a heavy burden on the taxpayers. In spite of this the Government again went to London for money, offering in July 1888 a loan of £2,500,000 at 94. The loan, which bore interest at $3\frac{1}{2}$ per cent, was sold at an average price of £95 : 2 : 9, and over £6,000,000 was offered. This was the first $3\frac{1}{2}$ per cent stock issued by Queensland, and its popularity showed how ready was the English investor to lend his money to a colonial Government at a fair rate of interest. The Queensland debt was now about £78 per head, and the persistent demands of the Government called forth unfavourable comment from the Bank of England, through whom its loans were placed. In August 1888 the Agent-General reported that the Governor of the Bank had expressed himself strongly on the desirability of discontinuing loan issues, and had hinted that if the output were to be continued at the rate of the last year or two, some other agency must be sought to put them on the London market. This advice proved to be extremely distasteful, yet its soundness was not open to question. The amount of English money finding its way to the colony was enormous, and the uses to which the money was put were such as to cause alarm in the minds of experienced and conservative financiers in London.

During 1888 the Queensland banking advances were increased by over 30 per cent, from £13,000,000 to £17,000,000, the Queensland National Bank being responsible for £2,500,000 of this increase. There was nothing in the condition of trade to call for such banking development, and it is certain that the greater part of the

new advances were made to persons engaged in one form or other of speculation. Like their fellows in Melbourne and Sydney, the land companies and building societies were endeavouring to assume the garb and status of banks. The Brisbane Permanent Building Society became the Brisbane Permanent Building and Banking Company, converting itself into a financial and banking business, with a savings bank department, "affording to investors of small sums the highest rate of interest and the utmost possible facilities of withdrawal." Other societies also, by the simple process of a change of name, became banks, without obtaining any additional capital or changing the class of business transacted, which remained to the end one of traffic in land.

The outburst of speculation lasted until the end of September 1888. The banks had continued making large advances upon landed property and mining securities right up to the end of that month, and for the three months, July, August, and September, their new advances amounted to £1,345,000, a very large total for so small a community. Suddenly all fresh advances were stopped. In Melbourne there had been a similar stoppage, and the change in Brisbane was doubtless due to conditions in the southern city, as nothing had occurred in Queensland to call for any sudden change. The banks restricted their dealings as far as possible, and refused all accommodation to speculative businesses, and at the end of October they raised their terms to borrowers, no discounts being given at less than 8 per cent, while deposit rates became 3, 4, and 5 per cent. The other lending agencies in the colony did not raise their rates so high as the banks, and towards the end of 1888 money could be borrowed on the security of rent-producing property in Brisbane at $5\frac{1}{2}$ to $6\frac{1}{2}$ per cent and on good suburban property at 7 or 8 per cent. There was still a considerable sale for suburban property in small allotments, but much of it was financed by the sellers. The purchase of expensive city properties ceased; this class of buying was purely speculative, and had been carried on mainly by

1772 LABOUR AND INDUSTRY IN AUSTRALIA

persons in Melbourne and Sydney, to whose demands for accommodation the banks now gave a sharp refusal. The mining market was affected in the same way as that for land. Up to September 1888 shares were booming, and in August Mount Morgan shares, in which there had been enormous speculation, were sold at £17. During September the price weakened, and at the end of that month the quotation for shares was £14. The mining market had been financed by the banks, in some cases so recklessly that the advances made were equal to the market price of the securities deposited with them, and when this policy was discontinued there was an immediate collapse. At the end of the year 1888 the price of Mount Morgan shares was £11; in February 1889 it had dropped to £9, and in March to £7. The dividends paid remained as large as ever, yet many shareholders, being pure speculators, were ruined. They had bought on credit at inflated prices in the hope that these would rise still higher, and when the slump came, having little or no capital, they were unable to find the cover required by the banks.

There was drought throughout the summer of 1888-89, but it was not so acute as to cause any great loss to pastoralists; in February 1889 there was some rain, but not sufficient for the requirements of the colony, and drought conditions again prevailed until the end of the year. In such circumstances there was no natural demand for land, but the building societies worked hard to make a fictitious market, and so dispose of the properties they had purchased. In March 1889 the Federal Building Society offered for sale the Russell Estate at Balimba, the terms being one-tenth cash, the balance of purchase money to remain on mortgage or be repayable in small instalments over an extended period at 8 per cent interest. The vendors offered to advance to the purchasers 75 per cent of the value of the land and of the buildings or other improvements which might be placed upon it. The undertaking to advance money against improvements was very attractive, and many persons were thus induced to purchase allotments

in the expectation of some day or other being able to borrow from the vendors sufficient money to erect homes for themselves. As long as this feeling lasted the land sellers were able to maintain a price for suburban land and give an appearance of energy to their business.

The determination of the banks to restrict advances was not long maintained, and the opening months of 1889 saw great activity in banking circles. When the accounts for the March quarter came to be made up it was found that the advances exceeded those of the preceding quarter by over £600,000, sufficient money having been obtained from England to enable this to be done, as well as to compensate for the withdrawal of a large amount of local deposits. In the middle of 1889 the deposits held by the banks and derived from sources outside Queensland amounted to £9,435,544; during the third quarter of the year the advances were increased by £250,000 and the local deposits reduced by about £612,000, and in the following quarter, the last of the year, the advances were increased by another £250,000, while local deposits declined by about £345,000. At the beginning of 1890 the local deposits stood at £10,250,000, while the deposits obtained outside the colony were certainly not less than £11,000,000, an extraordinary condition, not to be paralleled even in Australia during this wonderful period.

The land companies and building societies were at the same time making advances to the limit of their resources. Chief amongst these companies were the Queensland Deposit Bank, the Federal Building Land and Investment Society, and the Metropolitan Freehold Land and Building Company, which between them had advances outstanding at the end of 1889 to the amount of about £420,000, the greater part of this sum being attributable to operations of the years 1888 and 1889. None of the other companies were working on so large a scale, but all were seeking deposits for the purpose of financing transactions which were wholly based on the buying and selling of unimproved land. There were in existence during 1890 more than

one hundred institutions which took deposits or in some way or other employed the term "Bank" or "Banking Company" in their titles, and, apart from the banks of issue, not more than two or three did banking business or even attempted to do so. Included in the number of so-called banks were some of the building societies, which gave up their registration under the statute governing the formation of building societies, and became public companies and incidentally "banks," to enable them to traffic in land. In September 1888 the City and Suburban Permanent Building and Investment Society registered for the first time under the Companies Act; in August 1889 the Brisbane Permanent Benefit Building and Investment Society, which was established in 1874 as the first permanent building society in Queensland, became the Brisbane Permanent Building and Banking Company; and in September 1889 the South Brisbane and Suburban Building Society became the South Brisbane Building Society and Deposit Bank, and proceeded to do all the various kinds of business which their original registration wisely prohibited.

Although the drought of 1889 was partly compensated for by the high prices obtained for wool and sugar, and a very large amount of money was brought to Queensland both on public and private account, the year generally was a period of depression, which was at its worst in November, when many failures occurred. There were large withdrawals of deposits from the banks, not from any distrust of those institutions but from sheer necessity, and though, as we have seen, these withdrawals were more than made up by imported money, financial conditions became very difficult. The drought passed off at the end of the year, and by a perverse fate, not unusual in Australia, during the opening months of 1890 the colony suffered from an excess of rain followed by heavy floods. These began in the Wide Bay and Burnett districts, and extended to Townsville, Charters Towers, Gympie, Rockhampton, and other places. In Brisbane the floods caused great loss of life and damage to property. Many small houses had

been built during the dry seasons with an entire disregard of all proper facilities for drainage. A considerable number of these were swept away and many others were rendered permanently unfit for occupation. There was an immediate demand upon the Government to extend relief to the sufferers, but what the Government could do was indeed very little. Its revenue position was unsatisfactory, as there was a deficit of £150,000 on the transactions of the year 1889; the £10,000,000 loan authorized in 1884 had been raised, and for the most part spent; what was not spent was on deposit with the banks, and, in view of the prevailing monetary conditions, to deplete this deposit would have been impolitic, if not impracticable. The position was explained to Parliament, which agreed to further borrowing to the extent of £2,264,000, the money to be applied to the construction of public works and the relief of the victims of the floods. The loan thus authorized was placed in London at an average price of £97 : 15s., and largely over-subscribed.

The season of 1889-90, from the point of view of production, was magnificent, and although prices were low, the returns obtained, in conjunction with the flotation of the loan, produced some appearance of ease in the money market, especially during April and May 1890. After that gloom again overspread financial circles. The prices of all securities, particularly those of companies dealing with land, which had been very low at the end of the preceding year, fell still further, and by the middle of the year depression and lack of confidence were apparent everywhere. The Imperial Deposit Bank and other companies of its class declared their inability to pay dividends. Failures were expected, but only the British and Australian Land Mortgage and Investment Company closed its doors, and as this was a recently formed and completely fraudulent company, there was more satisfaction than alarm when its failure transpired.

The Treasurer's statement of the accounts of the colony was published in June 1890, and acknowledged a deficit

of £1,300,000, and this, coupled with the difficulty of the money market, brought home, even to the most inveterate boomster, the fact that the boom was dead and past resurrection. The great strike, which broke out in August 1890 and lasted until the end of October, added to the difficulties of the colony and deprived the pastoralists of a portion of the gains expected from the excellent season. As will be seen elsewhere, the strike had little success in Queensland, but its occurrence brought a feeling of insecurity to those engaged in the great producing industries, increased the depression, and contributed to make the year one of almost unrelieved fiscal and mercantile adversity.

Early in 1891 some reassuring statements were published as to the abundant supplies of money possessed by the banks, and these seemed to be confirmed by the quarterly returns, which showed that during 1890, in spite of the prevailing feeling of insecurity, there was only a slight reduction in the advances, while the bank deposits had increased. These statements had doubtless their effect with depositors, but the general business man realized that whatever were the resources of the banks, they could not and would not be used to sustain prices. Land and mining securities gave no hope of a recovery; land indeed was unsaleable except at prices far below what holders were as yet willing to accept. The financial position of the Government added greatly to the difficulties of the time. There was still at its credit with the banks slightly over £2,000,000, but this could not be recalled without causing a very great financial upheaval; the Government therefore adopted the usual expedient of borrowing in London. At the end of May 1891 the prospectus of a 3½ per cent loan for £2,500,000 was issued, and although the price was £94 per £100 of stock compared with £97 : 15s. obtained for the loan of the previous year, the issue was a complete fiasco, as less than £800,000 was offered by the public. The colony had obligations to the amount of £1,170,000 falling due within a few weeks, and the Government decided to

sell the balance of the issue at £90. Not without difficulty, it was disposed of at that price.

The raising of this loan was the occasion of a long and bitter dispute between the Queensland Government and the Bank of England, which had acted as its agents. When the results appeared, and it was evident that the bank had not applied for any portion of the loan, McIlwraith denounced the bank as having deceived the Government by promising to support the loan and then allowing it to be a complete failure. He even declared that the bank "had not acted in the way an honest bank ought to have done." His heated and injudicious expressions led the bank, in January 1892, formally to break off its connexion with the Queensland Government. The Governor declared that the bank had promised and had been prepared to give considerable help in the flotation of the loan, "but the entire failure of the public to respond rendered all the help it could give of no value." The dispute dragged on for several months, until, on 2nd May 1892, the Government saw that it was in error and telegraphed to the bank that, the actual facts now having been laid plainly before it, the Government saw that it was under a misapprehension, withdrew the words to which exception had been taken, and expressed regret for their use. This dispute was unfortunate for the colony, and was far more injurious to its financial prospects than the failure of the loan.

One result of the loan failure was the rapidly made discovery that the excessive public borrowing which had been going on since 1884, coupled with the other large supplies of English money which had flowed into the colony, had had a very pernicious effect in inflating values and diverting attention from productive pursuits. In June 1891 the Governor's speech on opening Parliament spoke of "the necessity of discontinuing to a large extent, if not altogether, the expenditure on public works which are not likely to be immediately profitable." In putting these words into the mouth of the Governor, the Ministry had in view the net earnings of the railways, which had

1778 LABOUR AND INDUSTRY IN AUSTRALIA

fallen to £1 : 14s. per cent on a capital expenditure of £15,000,000.

With the Government the reduction of loan expenditure was not a matter of choice, as, for the time being, it was impossible to borrow in London, and money was not obtainable elsewhere. There were numerous mercantile failures, some of them directly attributable to the stoppage of Government expenditure, and the land companies and building societies were finding their position more difficult day by day. On every side were to be heard complaints as to the extraordinary depreciation in land values, and several of the companies found that it was impossible for them any longer to carry on. In July 1891 the Metropolitan Building Company of Brisbane suspended payment, and later an order for its compulsory winding up was made. Its namesake, the Metropolitan Freehold Company, and the Imperial Land Company also went into liquidation, and about the same time the Brisbane branches of several of the land companies, whose head offices were in Sydney or Melbourne, closed their doors consequent upon their inability to meet the demands of their depositors. In September 1891 there had been a run upon the Queensland Deposit Bank and Building Society, in consequence of the suspensions just referred to, but this had been met, and in the following month the company paid a dividend of 10 per cent. The depositors, however, were not reassured, and one by one withdrew their money as it fell due ; the company could not bear the strain and suspended payment on 8th February 1892. The Queensland Deposit Bank was one of the better class of companies ; it had bought very little land for three years before its suspension, and at no time was it engaged in speculation. A scheme of deferred payments was put forward under which all deposits were to remain for three months, when sums under £25 could be withdrawn ; deposits in excess of £25 were to be repaid by instalments extending over four years, with interest at the rate of 6 per cent. The scheme was accepted by the creditors and the company resumed business. In

February 1892 there was a run upon the Toowoomba Deposit Bank and Building Company and business was suspended on the 17th of that month. The company was a small affair, having a paid-up capital of only £50,000, and had invested all its capital and deposits in land in the town from which it took its name. The land proved unsaleable, and the company came to grief almost when the first demands were made upon it. About the same time there was a run upon the Federal Building Society and Deposit Bank, but the society was able to meet its deposits as they fell due, and thus warded off the suspension which befell it in the following year.

In spite of these things the first three months of 1892 were not so gloomy as might have been supposed. To the uninitiated the banks appeared to be improving their position ; their advances, which had bounded up from £12,000,000 in 1887 to £18,000,000 in 1889, were hardly more than £17,000,000 at the middle of 1892, and the introduction of money from abroad had entirely ceased. The season 1891-92 was magnificent, and was the third successive season of its kind. The primary productive industries of the country were very prosperous, and there were no serious labour troubles. It is true that land remained unsaleable and speculation in mining securities had ceased, but mining itself was prosperous and the output of gold larger than in any previous year, 1889 excepted. The sugar industry had revived when the Government, in March 1892, announced its change of policy in regard to Kanaka labour ; the production of wool showed an enormous advance on that of any former year, and the trade returns displayed the satisfactory balance of £9,170,408 of exports as against £4,382,657 of imports. The colony was paying its way and obviously making substantial efforts to retrieve its fortunes. The weakest spot in the Queensland position appeared to be the condition of the Government. In March 1892 the Government's balance in the colony amounted to £1,298,000 ; this was increased at the end of the year to £1,829,458, while in London there

was a balance of about £800,000. The total at its disposal was therefore apparently over £2,600,000. In spite of this and also of its recent disastrous dispute with the Bank of England and the loan fiasco, the Government decided on a new loan, and in February 1893 offered 3½ per cent stock to the amount of £1,182,000 at a minimum of £88. The loan was over-subscribed at an average of £88 : 17s., but its issue caused a fall in the already low price of Queensland stocks, and all competent financial authorities were agreed in affirming that it would have been better to have avoided borrowing, if such a course had been possible. The necessity for the loan, although not disclosed at the time, was the condition of the National Bank of Queensland, which, in November 1892, if not much earlier, was such that the Government was afraid to touch its deposits, lest the bank should be obliged to close its doors.

The year 1893 began less prosperously than the preceding year. In Western Queensland there was severe drought, causing heavy losses of stock and a large decline in the wool clip. At the beginning of February terrible floods occurred in Brisbane and the surrounding districts, even worse than the floods of March 1890. The fine bridge connecting Brisbane and South Brisbane was destroyed, and there was great loss of life and serious injury to property. These events, coupled with the financial troubles of Victoria, produced great depression in Queensland. On 5th April 1893 word was received in Brisbane of the suspension of the Commercial Bank of Australia. The direct interests of the colony were not seriously affected by the failure of this great bank or of the English, Scottish, and Australian Chartered Bank which followed later, as the Queensland deposits and advances of these banks were not important. On 20th April news was received of the stoppage of the Australian Joint-Stock Bank; this had been anticipated, and although nothing in the nature of a run had occurred, there had been heavy withdrawals from the bank during the week preceding its suspension. The Australian Joint-Stock Bank was a New South Wales

institution which had been established in Brisbane as early as 1856; it held Queensland deposits to the amount of £1,199,000, and had made advances to the extent of £1,350,192, so that its stoppage was a very serious matter. The notes of the bank had been freely circulated throughout Queensland; for a few days there was difficulty in cashing them, and where they were accepted in payment for goods it was usually at a discount of 5s. on each £1 note. The danger of allowing a bank-note to go to a discount was not lost on the other banks, and they agreed to accept without demur and at their face value the notes of the Australian Joint-Stock or any other suspended bank. Within a week of the failure of the Australian Joint-Stock Bank the London Chartered Bank of Australia suspended payment with about £150,000 of Queensland deposits, and there was general apprehension regarding the other banks. Three weeks, however, passed without further trouble, and it was now confidently expected that the three Queensland banks would survive, but on 15th May 1893 the Queensland National Bank and the Bank of North Queensland suspended, and on the following day the Commercial Bank of Sydney. These failures brought on a run upon the Royal Bank of Queensland and also upon the Government Savings Bank. The latter was able to withstand the attack, but the Royal Bank closed its doors on 17th May, so that the only banks left standing in the colony were the Bank of New South Wales, next in local importance to the Queensland National Bank, the Union Bank of Australia, and the Bank of Australasia.

The directors of the Queensland National Bank lost no time in issuing a statement declaring that the suspension of the bank was due to "advices just received from London that all deposits maturing there during the next six or eight months will probably be withdrawn by the British depositors, in consequence of the widespread distrust engendered by the suspension of so many Australian banks." This was in a sense true. There had been no considerable withdrawal of Queensland

deposits, while about £700,000 had been withdrawn by British depositors during the latter half of 1892, and about £400,000 during 1893 up to the date of suspension. There had been for several months much uneasiness in England concerning the bank, and the price of its shares had fallen very rapidly during 1892. The exact position was not of course understood outside the inner circle of the directors and managers in Brisbane, but the balance-sheets disclosed a condition of affairs far from satisfactory, and the Scottish depositors seemed well enough informed for the management to anticipate very heavy withdrawals of their deposits maturing on 15th May. It was to prevent these withdrawals that the bank suspended payment on that particular date.

The total amount of the Queensland National Bank's deposits in June 1892 was somewhat more than £9,500,000, which was reduced at the date of suspension to about £7,800,000. Of this sum £2,442,000 belonged to the Queensland Government, £2,880,000 to British depositors, £1,200,000 represented local fixed deposits, and the balance, £1,278,000, was the sum at the credit of the current accounts of the bank's customers. Immediately before the suspension and with the knowledge of the bank's condition, the Government had insisted on its setting free £600,000, practically the balance of the loan of February 1893, which had been retained in London to meet the colony's interest obligations; otherwise the Government's deposit with the bank would have exceeded £3,000,000.

The Queensland National Bank was far more important than any other bank or institution in the colony, and it was not until its failure that people realized how small a part of its resources was provided by Queensland. The dislocation of business following the bank's suspension was immediate and far-reaching. In many parts of the colony it was the only bank. It held the accounts of a large number of the principal mines, and its stoppage paralysed their operations, as the money required even to pay wages was not obtainable. The difficulty was

aggravated by the fact that in Queensland bank-notes were not a first charge on the assets of a bank, and for a few days no one would take them, except under a heavy discount. But when it was discovered that they were a charge upon shareholders to which the principle of limited liability did not apply, and that they were in reality as well secured as possible, the members of the Stock Exchange in Brisbane agreed to accept them as the equivalent of coin. As the solvent banks presently agreed to the same course, one great hardship of suspension was removed.

At the time these financial disasters were occurring a general election was in progress, and it was therefore almost impossible for the Government to do anything to meet the extraordinary situation with which it was faced. The Cabinet met on the day that the Queensland National Bank suspended and decided to call Parliament together at the earliest possible date. On 30th May the new Parliament met and agreed at once to suspend the rules of the House so as to allow of legislation being completed in one sitting, if the Government thought this necessary. Such expedition was not used in fact. The Bills brought forward by the Government were read a second time on that day and considered in committee on the 31st; they passed their third reading in the Assembly on 1st June and became law on the following day.

The first of these emergency measures was designed to recall all bank-notes from circulation. It imposed upon them an increasing stamp duty, rising in two years from 3 per cent to the prohibitive rate of 10 per cent. The second measure authorized the Governor in Council to issue Treasury bills of ten-years' currency, bearing interest at 4 per cent, to the amount of £1,000,000 sterling. These bills were to be held in trust by the President of the Council, the Speaker, and the Colonial Treasurer, and were negotiable only with their sanction and to meet payments under the Treasury Notes Act. The third measure, the Treasury Notes Act, 1893, authorized the Government to issue notes of the denomination of £1, £5, and multiples of £5,

payable on demand in coin at the Treasury, unless the Government should issue a proclamation declaring them legal tender for a specified term. The Act required the Government to hold coin in the Treasury to the amount of at least one-third of the nominal value of the notes issued, the rest of the liability being considered to be covered by the Treasury bills held for the purpose. The fourth Act required the suspended banks to pay their own bank-notes on presentation and authorized them to obtain Treasury notes for the purpose, in order that they might not deplete their gold reserves. The Treasurer was authorized to advance Treasury notes to these banks against their own notes thus called in, and interest at the rate of 4 per cent per annum was to be charged upon such advances. The retired bank-notes were to be retained by the Treasurer, and in the event of winding up would form a Crown debt against the assets of the bank.

There was some short delay in issuing the Treasury notes, partly owing to the labour involved in signing each note, but the first issue was made on 8th June 1893. The banks showed some reluctance in applying for Treasury notes, and for some days the Queensland National Bank was the only one which took full advantage of the facilities offered by the Act. The new system of note issue intimately affected the business of the banks that had weathered the storm, as well as the reconstructed banks. In order to obtain their co-operation and secure a free circulation of Treasury notes, the Treasurer asked representatives of these banks to confer with him, and on 30th June an arrangement was decided upon which removed most of their objections to a State issue. It was agreed that the Treasurer should "determine from time to time the proportion of coin he would require the banks to lodge against any Treasury notes supplied to them," and this, to commence with, was fixed at 25 per cent. It was also agreed that the average weekly note circulation of a bank, less the amount which it had deposited in exchange for notes, was to be regarded as a Government deposit bear-

ing interest at 4 per cent, but each bank was to be allowed, without charge, a convenient amount of notes to be kept in reserve for "till money"; the amount, however, of such reserve was not to exceed 50 per cent of the notes actually circulated by the bank. This agreement might be terminated at any time by the Government, which was entitled to call in 25 per cent of its so-called deposit without notice, and the remainder in equal instalments at three, six, and nine months' notice. The banks on their part undertook to make the issue as successful as possible, recognizing that it was highly improbable they would again be allowed to circulate their own notes, and that, unless the charge of 4 per cent should prove too burdensome, the Government note would be very convenient for them. Within a month of their agreement with the Government over half a million Treasury notes were current.

After passing these measures of emergency, Parliament adjourned and did not meet again for three weeks, such interval being required by the Government to consider its course of action in regard to the National Bank, in which it was not only the largest depositor but upon whose assets it had a preferential claim. The Government had practically the choice of two courses only, either to demand the immediate repayment of the money due to it, in which case the bank would be compelled to go into liquidation, or to defer its claims and thereby render reconstruction possible. If the bank were insolvent, the second course would probably be the worse for all concerned. The matter for decision, therefore, was that of solvency or insolvency. To advise on this point, Nelson, the Treasurer of the colony, and A. H. Barlow, one of his associates in the Ministry who had had some experience in banking, were deputed by their colleagues to look into the affairs of the bank, and on their advice the Government decided to act. When Parliament met on 21st June, Nelson introduced the Queensland National Bank Agreement Bill, 1893. In bringing the Bill forward and commending it to the House,

he said that he had examined the accounts of the bank, "devoting nearly the whole of my time to it since the House adjourned. . . . I have given the matter the most thorough and searching examination. I have had the opportunity of seeing all the securities of the bank, and even the confidential books belonging to that institution," and he was able to assure the House that he regarded the bank as "a sound institution ; the assets of the bank, taken at a fair and reasonable valuation and assuming any fair method of realization, are more than sufficient to pay the debts of the bank to the Government as well as to the public." Three years later Nelson implied that in saying this he did not include the shareholders of the bank among the public. But in 1893 his words were not taken to imply this. The National Bank Agreement Act, which was passed with great rapidity by both Houses, provided that £2,000,000 of the Government's deposit should be paid by the bank in twelve equal half-yearly instalments, beginning not later than 1st July 1899. Payment of the balance, about £422,000, was to be made as the Treasurer might demand, six months' notice being given of any withdrawal, and not more than £100,000 being withdrawn in any six consecutive months. The bank agreed to pay $4\frac{1}{2}$ per cent interest on the moneys of the Government ; this was one-half per cent more than Nelson said he would have asked for, but he thought it right to accept as the bank had offered it. The Treasurer stipulated that he was to have "the right to demand such information as he might think fit from the manager of the bank respecting its business and affairs," and "the right to inspect or authorize some other person to inspect any books or documents relating to the business of the bank," and in addition the Government retained its power to enforce payment of its claim on the bank in priority of all other creditors.

As soon as this Act was passed a scheme of reconstruction was brought forward and approved in England and in Queensland, and the bank was able to reopen for ordinary business on 2nd August, about nine weeks after

its suspension. At the meeting of creditors in London on 24th July, the chairman stated that "their books had been carefully examined by the Treasurer, who reported to the Queensland Parliament that he found the bank to be perfectly solvent." The scheme, under which the bank resumed business, provided that private depositors should receive deposit receipts repayable in twelve equal amounts at intervals of six months, beginning on 3rd August 1899, and bearing interest at $4\frac{1}{2}$ per cent, or inscribed deposit stock repayable at the option of the bank, bearing the same interest. Current account deposits of less than £50 were to be released at once.

The capital of the bank was £1,600,000, of which £1,280,000 had been called up; this was written down to £960,000, thus providing £320,000 to meet losses incurred, and a call of £2 per share was to be made upon shareholders, leaving a further liability upon them of £2 per share, equal to £320,000. The nominal capital of the bank was increased to £3,000,000 by the creation of 175,000 new shares of £8 each, which were to be issued as and when the directors thought desirable.

The Royal Bank of Queensland also underwent reconstruction and reopened for business on 7th July. Its capital was written down by £75,000 and a call of £2 : 10s. per share made upon the shareholders. Holders of fixed deposits were given debentures or negotiable receipts repayable in four equal instalments in five, six, seven, and eight years from the date of reconstruction, with yearly interest at the rate of 4 per cent. Current account deposits of £50 or less were to be paid at once, amounts above £50 to be repaid in four annual instalments, with interest at 3 per cent. The Bank of North Queensland was able to resume business without reconstruction on 17th July. The bank was perfectly solvent; nevertheless it wrote off £50,000 of its paid-up capital and its creditors agreed to accept deposit receipts payable in four instalments after three, four, five, and six years, bearing interest at $4\frac{1}{2}$ per cent. The other suspended banks reconstructed in due

1788 LABOUR AND INDUSTRY IN AUSTRALIA

course, and before the end of August 1893 the whole of them were again in operation.

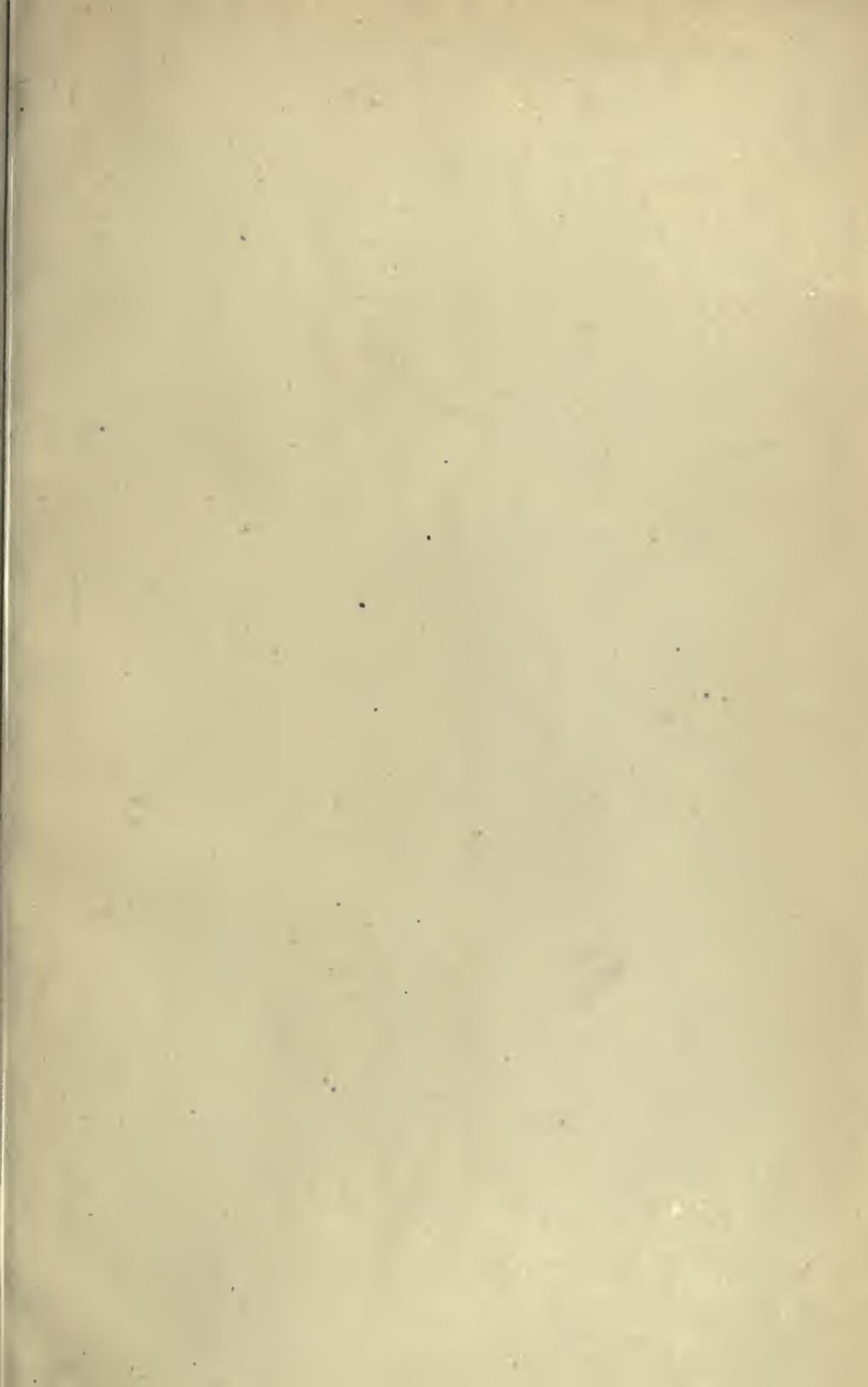
The emergency measures necessitated by the bank failures were completed by the passing of the Public Depositors' Relief Act, which provided that public bodies whose deposits were locked up in suspended banks might apply for an advance against such deposits, and the Treasurer, with the consent of the Governor in Council, might grant such application and pay the amount required from the general revenue of the colony. When this was done, the Government assumed all the rights of the original depositors and the debts became Crown debts, with priority over other claims. The sums involved were not large ; nevertheless the Act was of great convenience to certain public bodies and enabled them to resume the employment of a considerable number of men thrown out of work by the bank suspensions.

The budget statement, made early in July, showed a deficit on the year 1892 of £111,676, which, added to the various revenue shortages accumulating since 1885, brought the total deficit up to £1,500,000. The Government made no proposals for additional taxation to meet the accumulation, but contented itself with discharging a large number of public servants and reducing the salaries of those who remained where such salaries chanced to exceed £150 a year.

The stagnation in general business during May, June, and July 1893 was described by the local press as "terrible," and perhaps this description was not greatly overdrawn. The suspended banks had transacted about seven-ninths of the whole banking business of the colony, and although they opened their books again almost immediately for the transaction of such business as might be brought to them, opening trust accounts for the convenience of their customers who had deposits to make, there was for some time an actual shortage of currency and a great curtailment of banking facilities, to the very serious inconvenience of the whole country. Cattle and sheep

breeding, wool-growing, agriculture, mining, and other productive industries doubtless went on almost as if there had been no bank failures, but trade was badly crippled and there was a great increase of unemployment. Brisbane suffered more severely than the rest of the colony and suffered longer. Such small manufactures as existed came to a standstill. Foundries were deserted, no machinery was made, no ships built or repaired, and no railway construction carried out. There was little business on the wharves, as trade, both foreign and intercolonial, had greatly declined, and for a while even local traffic was reduced or suspended. The depths to which the real property market had fallen are shown by the fact that in despair of realizing its assets by sales the Queensland Deposit Bank arranged to dispose of its property by a lottery. The transaction, which at another time would certainly have greatly commended itself to the Australian mind, proved a complete failure, so little money was there to spare even for a gamble.

END OF VOL. III



University of Toronto
Library

DO NOT
REMOVE
THE
CARD
FROM
THIS
POCKET

For use in

NAME OF BORROWER

Hau.
C6765k

175267

Author Coghlan, (Sir) Timothy Augustine
Title Labour and industry in Australia. Vol. 3

Acme Library Card Pocket
Under Pat. "Ref. Index File"
Made by LIBRARY BUREAU

